

Government backs down in MI5 case

By Michael Evans, Whitehall Correspondent

The Government backed down yesterday in the MI5 court hearing in Sydney after legal advice and decided to show the judge...

After advice from Sir Michael Havers and Sir Patrick Mayhew, the Solicitor-General, the Government has decided to embark on a new legal argument...



For his eyes only: Judge Justice Powell

necessary for the judge to see the documents for himself.

One source said: "If he decides against us, then we will have to consider what step to make next."

According to sources, the documents to be shown to the judge contain certain elements that would damage national security if made public.

It has already been admitted that Sir Michael Havers made the decision not to serve an injunction to stop the publication of Mr Pincher's book, 'Their Trade is Treachery', in 1981.

As The Times revealed yesterday, Sir Robert Armstrong, the Cabinet Secretary, wrote to the publishers of the book, Sidgwick and Jackson, three days before it was published.

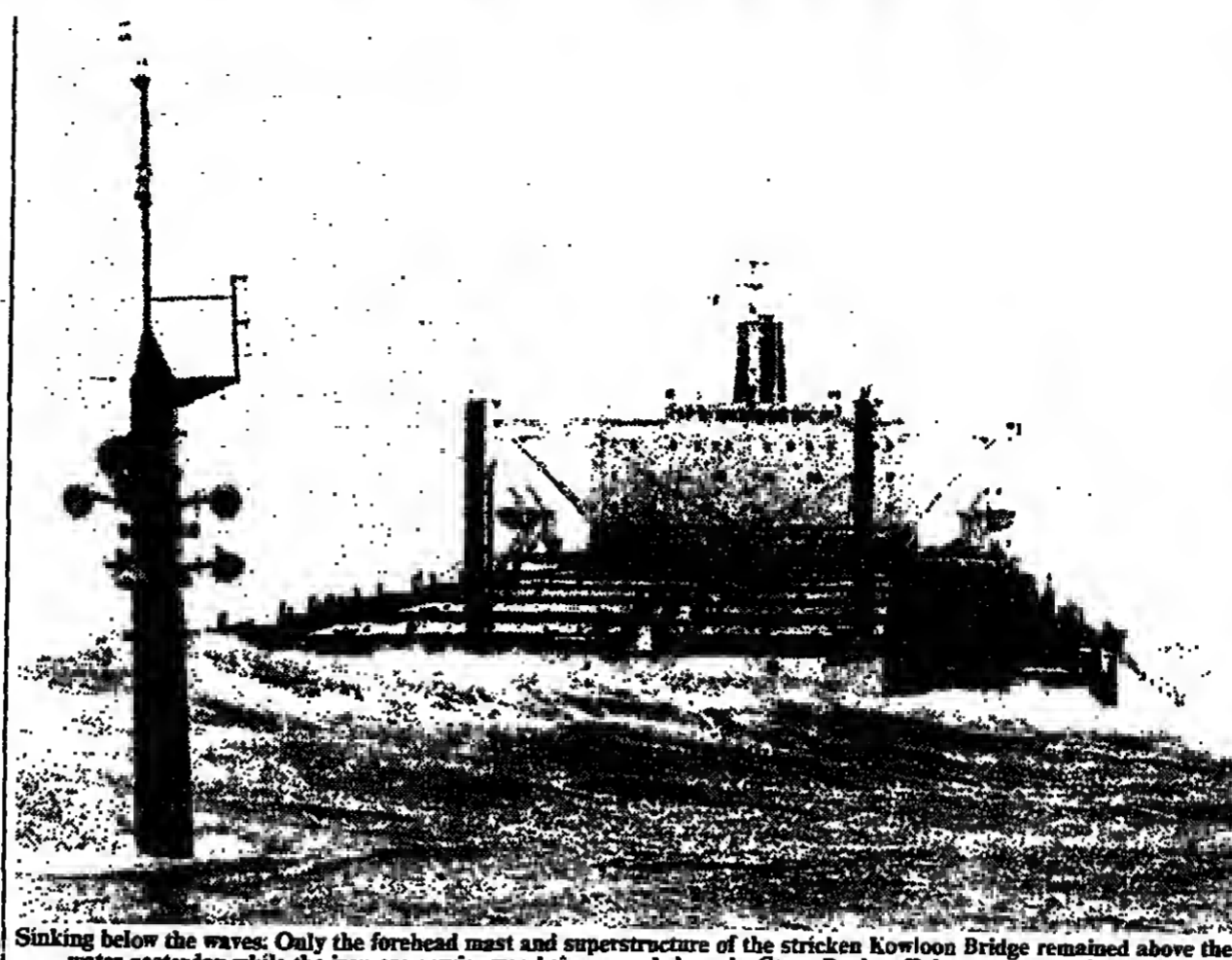
lished to ask for copies to be sent to Mrs Thatcher. Sir Robert wrote in his letter to Mr William Armstrong, managing director of Sidgwick and Jackson: "I can understand your need and wish to protect the confidentiality of the book until publication date. I can assure you that, if you are able to comply with my request, that confidentiality will be strictly observed, that the copies will not go outside this office and the Prime Minister's office..."

Apart from the sensitive documents to be shown to the judge, the Government has also decided that a few other ones can now be handed over to the defence counsel. They also relate to the decisions about the books by Mr Pincher and Mr West but do not contain anything which would damage national security.

The Government's case is that there are now three types of documents in the Wright affair: Those that are relevant but not sensitive and can be given to the defence counsel, those that are covered by legal professional privilege and those that the Government believe should be covered by public interest immunity.

Yesterday, Mr Turnbull said that one of the documents he wanted was the MI5 file on Mr Pincher, whom he claims was used by official sources to release sensitive information or as an agent of MI5.

Mr Pincher said yesterday he had never been a paid agent of MI5, although there was one occasion for about two months when a KGB officer was trying to recruit him, and he had an MI5 controller who he took out to lunch to tell him what had passed between them. "But I always paid for the lunch," he said.



Sinking below the waves: Only the forehead mast and superstructure of the stricken Kowloon Bridge remained above the water yesterday while the iron ore carrier was being pounded on the Stags Rocks off the west coast of Ireland.

Sangster's trainer out after bad season

By Michael Seely

Mr Michael Dickinson, the most successful National Hunt trainer in recent years, has been sacked by Mr Robert Sangster, the owner and football pools millionaire, after a disastrous flat racing season when the stable had only four winners.

Mr Sangster last night described the break-up as "the end of a dream. You could say it was a personality clash, an irretrievable breakdown in relations. He and I just do not see eye to eye any more."

Mr Dickinson, aged 36, who in March 1983 trained the first five home in the Cheltenham Gold Cup, took over the lavish Marlton stables in Wiltshire in 1984 to prepare to repeat his success on the flat.

But, after a year spent touring the world, including four trips to the United States, to examine training methods, 1986, his first year, was notably unsuccessful for Mr Dickinson and Mr Sangster, the leading owner for five of the last 10 years.

They had only four wins from more than 40 horses. Mr Dickinson, who had 40 two-year-old horses in the stable, needed at least one season to develop their ability and, in spite of numerous rumours and denials, it comes as a surprise to the racing world that he has been sacked so quickly.

Mr Sangster said earlier this year: "Michael's brilliant record speaks for itself. I am not worried about the trainer or his establishment."

"I just want him to get the best horses - without the ammunition he cannot be expected to fire winning salvos."

But staff were also said to have been unhappy at Marlton, which was run like an army camp with security guards and strict discipline.

Mr Dickinson worked his staff and himself incessantly and was trainer, estate manager and building manager, simultaneously, as he tried to produce a successful stable.

He has a meticulous attention to detail.

Continued on page 28, col 5

Tory attack on Thatcher's plan to cut food mountain

By Richard Evans, Political Correspondent

Mrs Margaret Thatcher's radical plan to rid the European Community of its £8.7 billion food mountains by taking farming land out of production was dismissed as a "costly nonsense" by an influential group of Conservative MPs at Westminster last night.

As disclosed in The Times yesterday, the Prime Minister will propose at an EEC summit in London next month that farmers in Britain and the rest of Europe should reduce the land they use for growing food by 20 per cent in an attempt to end the food surplus crisis, which is undermining the Common Agricultural Policy and is threatening to bankrupt the Community.

But on the eve of a Commons debate last night on next year's EEC budget, during which many Tories were planning to launch a savage attack on the Community's out of control spending and the CAP, the 71-strong Conservative European Reform Group said the "set aside" proposals would not cure the problems of overproduction.

After an emergency meeting of the group, the MPs said in a statement: "We regard such a scheme as a costly nonsense."

Her letter revealed yesterday at a meeting of the EEC foreign ministers in Brussels, asks each government to drop objections to a package of 13 internal market measures.

Mrs Thatcher's hope is that the London EEC summit on December 5 and 6 will strip away some of the barriers preventing the 12 from trading freely.

If successful, the package would be an important initial step towards the EEC's objective of 300 such measures by 1992 - the self-imposed deadline.

Although individually un-dramatic, ranging from common standards on testing medicines to safety criteria for the construction of industrial trucks, the measures would help remove the stigma that the EEC is a common market in name only.

Continued on page 28, col 6

Plea for a real common market

From Andrew McEwen, Diplomatic Correspondent, Brussels

The Prime Minister has written to the heads of government of Britain's 11 EEC partners asking them to help her transform it into a genuine common market.

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Continued on page 28, col 6

Barclays pull-out under attack

By Philip Webster and Richard Thomson

Conservative MPs yesterday launched a strong attack on the decision by Barclays Bank to pull out of South Africa, one of them calling it an act of moral and commercial cowardice.

As the opposition parties welcomed the move, the criticism from the Conservative backbenches went beyond those MPs who have been most vociferous in opposing economic sanctions.

Mr Teddy Taylor, MP for Southend East, suggested that people banking with Barclays should consider withdrawing their accounts in protest.

Barclays is the first big British company to divest its domestic South African business. It is set to realize a book loss of more than £40 million on the sale of its holding in Barclays National, the South African Bank.

Sir Timothy Bevan, Barclays's chairman, announced yesterday that the sale was worth £80 million. But exchange rate adjustments mean that the holding is valued at millions of pounds less than it was at the end of last year.

Barclays's holding in Barnat is being sold to the South African bank's other main shareholders - Anglo-American, De Beers and Southern Life Association.

Mr Michael Grylls, chairman of the backbench industry committee, said that it was a disappointing development because Barclays had a good record of encouraging

the training of blacks and encouraging black entrepreneurs through the banking system. "The anti-apartheid campaigners have shot themselves in the foot over this."

Mr Anthony Beaumont-Dark, MP for Birmingham Selly Oak, said: "The saddest thing is that a bank of Barclays distinction has allowed itself to be blackmailed by bullies. Those bullies will do more harm to the black population than anything else."

Mr John Cartisic, secretary of the all-party British-South Africa parliamentary group, said: "It bodes ill for the future of multi-racial society in South Africa."

Mr Taylor said it was an act of "appalling moral and commercial cowardice". He went on: "Those concerned about the future of South Africa and the ending of apartheid should now seriously think about removing their accounts from Barclays."

The Prime Minister was said yesterday to regard Barclays's decision as a commercial one. She may be pressed by Tory MPs in the Commons today to condemn it, but is unlikely to do so.

Tomorrow

Free my people



Released Soviet human rights campaigner Yuri Orlov argues that the West must make public and persistent its determination to link arms control progress to greater freedom in the Soviet Union

Portfolio Gold

The Times Portfolio Gold daily competition prize of £8,000, double the usual amount because no one won on Saturday, was shared yesterday by five readers. Details, page 3. Portfolio list, page 33; how to play, information service, page 28.

Whitehall ready to force football card

By Sheila Gunn, Political Staff

The Government is prepared to bring in legislation to force football clubs to allow entry to games by membership card only.

This is likely to be done by adding new powers to the Fire Safety and Places of Sport Bill, due to be introduced in the Commons early in December, which brings in the recommendations of the Popplewell Inquiry into the Bradford fire.

It is not yet decided whether the 100 per cent membership schemes should be run on a national basis or by the clubs.

The Prime Minister has been closely involved in the campaign to clean up English football since the Heysel Stadium disaster in May 1985 and is believed to be concerned about the effect of hooliganism on England's reputation abroad.

Government ministers are known to be worried by recent riots outside stadiums in Shrewsbury, Darlington, Torquay and Middlesbrough.

They are also disappointed by the lack of adequate anti-hooligan measures by the Football League, which is campaigning strongly against compulsory membership which, it argues, could kill off professional football in England.

Much of the credit for better behaviour on the terraces is being attributed to installation of closed-circuit television at vulnerable grounds.

Mrs Thatcher, Mr Douglas Hurd, the Home Secretary, and Mr Richard Tracey, the Sports Minister, are said to feel strongly about the continuing threat to public order from football hooligans on public transport and in town centres which ties up thousands of police officers every week.

Officially the Government is still considering the League's report and talks are continuing between the two. But the League is proposing club schemes which will mean only 70 per cent of entrants will be members - so that casual spectators will not be barred.

Mr Tracey has admitted

Continued on page 28, col 2

Baker gets tough with the teachers

By Nicholas Wood, Political Reporter

A trial of strength between the Government and the biggest and most militant of the teaching unions over pay was looking increasingly likely last night after Whitehall sources made it clear that Mr Kenneth Baker, the Secretary of State for Education and Science, is in no mood for substantial concessions.

He will spell out his position tomorrow at a meeting with Mr John Pearman, leader of the Labour-controlled local authority employers.

If, as expected, Mr Pearman stands by the Acs agreement signed by four of the six unions last Friday, Mr Baker is likely to go to Cabinet on Thursday and gain approval for imposing a settlement.

Such a move is fraught with legislative difficulties and will be bitterly opposed by the Opposition. Almost certainly, it will coincide with strikes in schools and strong action by the biggest union, the National Union of Teachers.

Yesterday, sources close to Mr Baker discounted reports that he was ready to make a counter offer.

Instead, he will ask Mr Pearman why the employers and the unions have not responded to his plea last week for them to "think again" and meet his criteria covering overall cost and differentials.

Early birds in British Gas sale

The first completed applications for British Gas shares have started to arrive, although the prospectus was not published until today.

Almost a million copies of the mini prospectuses were delivered in Saturday's post to customers who had registered for the guaranteed allocation.

National Westminster, the leading receiving bank, said that more than 12 completed forms had been returned to its main London branch yesterday.

More than one million British Gas shares changed hands yesterday in the "pre" market, with a price of 6 1/2 quoted for the 50p partly-paid shares.

Meanwhile, the Stock Exchange said that eight City firms have so far registered to make a market in British Gas shares when dealings start on December 8.

Prospectus, pages 35-50 Quick response, page 29 Market report, page 31

28 years' jail for drugs boss

By Stewart Teudler, Crime Reporter

One of Britain's biggest drug traffickers began a record 28-year prison sentence last night taking with him the secrets of the fortune he is thought to have earned leading a £200 million heroin ring.

Paul Dye was sentenced at the Central Criminal Court yesterday to two consecutive sentences of 14 years apiece.

He had made vast profits from an organization which smuggled 40 to 50 kilos of heroin from Pakistan over two and a half years.

Judge Rant, QC, told Dye, a company director and former secondhand car salesman, that he was "devious, greedy and utterly unscrupulous".

The judge also fined him £200,000. Customs investigators believe that other money is buried in untraced Swiss bank accounts.

Full report, page 7

TIMES BUSINESS

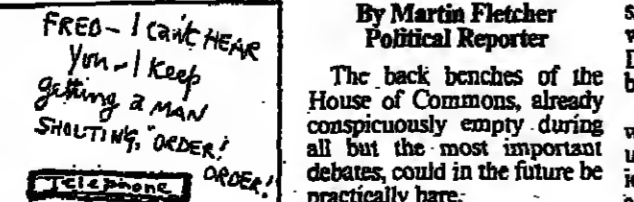
Profits double News Corporation, the film, television and publishing group, which includes The Times, The Sunday Times, News of the World and the Sun, more than doubled pretax profits to £49.56 million in the quarter to September 30. Page 29

What's in a name? How much is a computer project manager worth? The title can be misleading. Computer Horizons, 19-21

TIMES SPORT

Council anger John Smith, the chairman of the Sports Council, has broken with tradition and written a letter of complaint to Mrs Thatcher over the decision by the Government not to increase grants in line with inflation. Page 56

Table with 2 columns: Home News, Overseas, Appointments, Arts, Births, Deaths, Marriages, Business, Chess, Church, Court, Crosswords, Diary, Events, Features, Law Report, Leaders, Letters, Obituary, Parliament, Sale Room, Science, Sport, TV & Radio, Universities, Weather.



According to the minutes released yesterday of a private Sound Broadcasting Select Committee meeting in May, Sir Philip Goodhart, the committee chairman, has been authorized to discuss with British Telecom the possible introduction of what would amount to a Dial-a-Debate service, available to both MPs and the public.

The move comes in the wake of the committee's failure to secure backing for the idea of a system which would allow MPs alone to listen to debates from their offices through their internal telephones.

The proposal was put to the Commons Services Committee last February, and rejected on the casting vote of the chairman, Mr John Biffen, Leader of the House.

The members themselves were split between those who argued that such a system would empty the chamber still further, and those who argued that it would do the opposite by alerting MPs to interesting developments.

Sir Philip yesterday refused to disclose what progress he had made with British Telecom, merely advising The Times to "keep in touch".

It is understood, however, that considerable obstacles would have to be overcome before a Dial-a-debate system could be made available to the public.

At present any outside broadcast unit that wants to record all or part of a debate has to first get permission from the Sound Broadcasting Committee.

Were anyone able to record a debate, control on its uses would disappear and MPs might find their words of wisdom being regurgitated in such undesirable contexts as satirical television shows.

The question would arise of whether British Telecom, which would be making a profit from the service, should have to pay a fee either to the Commons itself, which provides the material, or to the BBC.

MPs are now informed of what is going on in the chamber through closed-circuit television screens.

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NEWS SUMMARY

Three held after PC falls to death

Detectives launched a murder inquiry yesterday after a police constable plunged 50 feet to his death as he struggled with a suspect at a block of flats in Stoke-on-Trent.

PC John Taylor, aged 26, smashed through a plate glass partition of a stairwell on the fifth floor of the flats as he grappled with the man.

PC Taylor, who married his wife, Angela, a woman police constable only a year ago, died from multiple injuries. It was revealed last night that his wife is expecting their first child early in the New Year.

Yesterday, detectives were waiting at the hospital to question the other man who fell. Two other men were arrested at the scene and are expected to be charged today.

Wapping action call

Leaders of four print unions yesterday urged the powerful inner cabinet of the TUC, the Finance and General Purposes Committee, to conform to a decision taken by the annual conference in September and re-open disciplinary moves against the electricians' union whose members work for News International at Wapping.

The meeting, at which the union representatives said they were armed with "fresh evidence" about the role of the Electrical, Electronic Telecommunication and Plumbing Union in the dispute, came as the £58 million offer of termination payments to 5,140 former News International employees expired.

Parliament, page 4.

Leyland cuts jobs

Leyland Vehicles are to make 100 of the 1,300 workers redundant at Mulpart, its parts operation plant at Chorley in Lancashire, by next February.

The company made a net loss of more than £100 million last year, and foreign demand, particularly from Africa, is continuing to fall.

Leyland Vehicles said that it was hoped that the redundancies would be mainly voluntary.

Bamber appeal

Jeremy Bamber, aged 25, who was given five life sentences last month for the murder of five members of his family yesterday lodged notice of appeal against his convictions with the Court of Appeal in London.

The appeal papers alleged misdirection by Mr Justice Drake at the Chelmsford Crown Court trial. They will be considered by a High Court judge, sitting in private, who will decide whether an appeal is justified.

Best's diaries

It was agreed in the High Court yesterday that £10,000 of the estimated £30,000 which George Best, aged 40, of Oakley Street, Chelsea, London, the former Manchester United and Northern Ireland football international, is to be paid by The Sun for his diaries should go to his trustee in bankruptcy.



Women's sea plunge

Two women drove off a ferry linkspan into the sea despite being told that they had just missed a sailing, an inquest heard today.

The hearing at Ryde, on the Isle of Wight, was told that Mrs Eileen Bond, aged 42, and Mrs Deborah Emmersley, aged 23, missed the departing car ferry from Fishbourne, by between six and eight feet.

PC Kevin Guard said the women, both from Twickenham, south-west London, were told to wait for the next ferry. The inquest was adjourned until January 27.

Labour law needs stability, CBI says

The Confederation of British Industry has again openly criticized the proposed labour law reforms of the Opposition parties. There is nothing in Labour, Liberal or Social Democratic Party policies that give comfort to employers, it says.

In its latest employment affairs report, the CBI emphasizes the view of companies that a period of stability is most favoured, with no fresh legislation or rescinding of existing laws.

CBI leaders made it clear at their annual conference earlier this month that employers were united in particular against the Labour Party's proposals. Sir Terence Beck-

Couple win 'hollow' island home victory

A couple won the right to live in their own home yesterday six years after they sold it when prosecuted for failing to leave (Our Legal Affairs Correspondent writes).

The European Court of Human Rights ruled that Guernsey's rigid housing laws had been too harshly applied on Mr Joseph Gillow and his wife Yvonne.

But the victory ruling against the Government was hollow: the court did not criticize the housing laws as such and the couple will only regain the residence qualifications they originally had.

The court also accepted a last-minute submission by the Government that one of the Gillows' main claims could not be brought because the relevant protocol has never been applied to the Channel Islands.

The oversight, discovered by government lawyers in the past few weeks, means that the Gillows' claim that their right to respect for property has been violated cannot be brought.

Mr Gillow said: "We are relieved to get a ruling but disappointed that the court supported a law which is archaic and unfair." The court had in practical terms done "exactly what Guernsey

wanted" and would help no one, he said.

On the second claim, which has been found defective, he said that Britain was "in the business of denying people human rights."

"Both claims had been upheld unanimously before the European Commission on Human Rights, before the technical loophole was spotted, and they would have won 'hands down' if protocol one applied to the whole of Great Britain."

Mr Gillow said that he and his wife still had criminal convictions, and so far as many people in Guernsey were concerned, were treated as

"public enemy number one."

He said that they would now consider if they wanted to return to Guernsey as licensed residents and spend the requisite number of years before they had permanent resident qualifications.

They would also consider compensation for the cost of bringing the case, which they have done alone, and for the sale of their house following their criminal prosecution for £33,000, which they claim was below the market price.

The couple moved to Guernsey in 1957 and built a house. In 1960, they went abroad because of Mr Gillow's job with the United Nations

and did not return for 20 years. During that time the housing law was changed and they lost their rights.

Yesterday the Home Office said that it was consulting with the Channel Islands and the Isle of Man to see if they wished that protocol one of the European Convention on Human Rights should be extended to them.

A spokesman said that it was "extremely unfortunate" that it had been discovered too late in the proceedings that the protocol did not cover Guernsey, but once discovered it had been the Government's duty to point it out to the court.

Child case judge tries informal approach

Counsel, court officials and ushers were ordered to remove all legal apparel yesterday, in an attempt to create a relaxed atmosphere at an indecency trial involving two girls aged seven and eight. (Our Legal Affairs Correspondent writes).

As lawyers left wigs and gowns outside, prison officers and police removed their tunics and Mr Justice McNeill stepped off the bench - minus wig and robe - and sat at a desk normally occupied by the clerk in the smallest of Cardiff's crown courts.

Minutes before the trial was due to start the defendant, a park keeper, aged 31, changed his plea to guilty but the judge requested that the jurors, nevertheless, be brought into court.

The judge told them: "You may have been surprised when you came into court to find yourselves expected to try a criminal case in an atmosphere that lacks the usual formalities of such proceedings."

"You may have heard of the public concern about young children in a case like this - nowadays called a form of child abuse - having to give evidence in circumstances of formality in a big public court."

"I decided, in this case, it would be right to put aside as much formality as possible."

He said the two little girls had been shown the empty courtroom a week ago and he had intended that they should have given their evidence alongside him.

The judge, referring to proposals for making changes in the law to allow children to be questioned in recorded interviews to be shown to the jury, said other countries were trying to see that children could give evidence in a more relaxed atmosphere.

He hoped the method he was adopting would be a useful contribution to public discussion on the matter.

The defendant, Derek Phillips of Ely, Cardiff, was sent to prison for seven years for what the judge described as a thoroughly disgusting series of offences.

Diplomat wins sex bias claim against FO

By Frances Gibb, Legal Affairs Correspondent

A woman diplomat who started legal proceedings for unlawful discrimination against the Foreign Office has won her claim that the ministry was wrong to deny her a High Commission post in Zambia because it was a "male-dominated society".

Mrs Sue Darling Rogerson's claim under the Sex Discrimination Act 1975 was brought after a decision by the Foreign Office last April to withdraw her proposed posting to Lusaka as deputy high commissioner in the political section.

The reason given, according to her solicitors, Bindmans, was that the second secretary was already a woman and that, "an all-female political section would be operationally ineffective in the conditions of a male-dominated society, which the Foreign Office considered Zambia to be".

The job has since been given to a man. But in terms of settlement released yesterday the Foreign Office admits that while acting in good faith its decision to abandon Mrs Rogerson's proposed posting to Lusaka was mistaken and cannot be reconciled with the Sex Discrimination Act.

It expresses regret for "the distress suffered by her as a result of the abandonment of the posting to Lusaka" and is re-examining its procedures for posting officers abroad, in the light of the experience gained in the present case, to ensure breaches of the Act do not occur.

Last night, Mrs Rogerson, aged 44, who has since taken up the offer of a post of equal



Dr Saleem Goolamali with some of the patients' files that form part of an ever-growing hospital waiting list. (Photograph: Mark Pepper).

Rest day goes to aid patients

By David Cross

"It's like the old Japanese trick of keeping plates in the air. You just juggle with patients to try to fit them all in," says Dr Saleem Goolamali, a consultant dermatologist at Northwick Park Hospital, in north-west London.

Yet as the waiting list for National Health patients with routine skin ailments in his hospital has grown longer and longer, he has come up with a novel idea to cut it at a stroke.

On Saturday, December 6, he and his team of doctors and nurses will forego a day's well-earned rest and fit in an extra 120 patients.

"Although I have already increased the number of weekly sessions at the hospital from four to six, this has not made a major impact on the waiting-list," he says. "So I thought 'Let's have a special day when we see people with all the routine complaints - people with warts and those worried about losing their hair.'"

"These are not life and death cases but to the individuals concerned they are of great importance."

Dr Goolamali has agreed to work from 9am to 5pm on December 6 without pay. As a private consultant he could earn up to £40 for a single consultation in Harley Street.

"It is a gesture to show that there are National Health consultants who will put themselves out to help non-urgent cases," he explains.

The other members of the team - four GPs with training in dermatology, four nurses and a registrar in the accident and emergency department - will be paid for their services if they so desire.

There will also be a pharmacist on hand to give out prescriptions and the plan is that patients seen that day will not need to return for any follow-up treatment.

No extra ancillary staff will be required as the hospital is, in any case, open on Saturdays.

Dr Goolamali would like other specialists to follow his example. But he recognizes that dermatology is a special case. "We have a lot of routine cases which can be dealt with on the spot," he says. This is not the case with many other illnesses, he points out.

Yesterday Dr Goolamali dealt with 21 patients during his morning clinic and another 17 during the afternoon session.

Call for physics teachers

By Our Education Reporter

Britain needs 2,500 more physics teachers immediately to alleviate growing shortages in the sciences, a conference on the crisis in higher education was told yesterday.

Professor Paul Black, the president of the Association of Science Education, was speaking to representatives from 51 universities, polytechnics and colleges.

The conference in London was in response to a consultative document issued by the Department of Education in the summer which highlighted the grave problems affecting schools.

A total of 359 vacancies existed in physics at the start of this year compared with 252 in 1982. In craft design and technology, the number of vacancies rose from 114 in 1982 to 201 at the start of the year.

The conference was told that many science teachers have no relevant qualifications. Professor Black said that 18 per cent of physics teachers now fell into that category. Fewer teachers led to poorer work in schools, declining numbers of science graduates, and hence even fewer teachers.

Sir Peter Swinnerton-Dyer, chairman of the University Grants Committee, said that the committee welcomed universities' efforts to encourage entrants to mathematics and physics courses. He was responding to fears that the committee might penalize institutions which considered lowering entry requirements in those subjects for prospective teachers.

He said: "I want to make it clear that universities which act in this way will not be put at any disadvantage by doing so." He added that the committee, starting in the academic year 1987-88, would be setting aside £1 million a year for increasing the supply of science teachers in schools and would be inviting bids from the universities in the near future.

Woolworth plans children's stores

By Alan Hamilton

The High Street shopping giant F W Woolworth is planning to open a chain of more than 100 stores catering specifically for children.

The shops, to be called Kids Store, will aim to sell everything required by a child, from clothes and confectionery to toys and prams, from birth to early teenage years.

Mr Malcolm Parkinson, Woolworth's chief executive, said yesterday that the first of the shops would open next Spring, and that all would be in town centre locations. At the moment the company is in the process of revamping its image.

Boots, another familiar retail name, is planning a similar chain under the name Children's World, but has opted for suburban superstore sites.

By offering a comprehensive range of merchandise, as well as attractions like restaurants and soda bars, Woolworth believes it can compete strongly with established names in that growing specialist market, such as Mothercare.

The shops will offer parents the chance fully to kit out their children all under one roof, Mr Parkinson said. The plan is part of an aggressive marketing strategy adopted by Woolworth after the company fought off a takeover bid from Dixons, the photographic group.

None for the road this Christmas

By Peter Evans, Home Affairs Correspondent

The Government launches its Christmas drink-drive campaign tomorrow with an uncompromising appeal: if you are going to drive, do not drink.

The campaign, to be initiated by Mr Peter Bottomley, Minister for Roads and Traffic, will be in marked contrast with a previous one which attracted criticism.

That showed a glass with drink at the bottom and urged drivers to "stay low". Critics thought it incited people to drink.

This time the message is unequivocally that drinking and driving is dangerous. It ties in with demands which will be made by a new alliance of concerned bodies. Action on Drinking and Driving, that Britain's 80mgs limit be reduced to 50mgs.

In a policy statement yesterday, the alliance said that most laboratory studies showed impairment occurred by 70mgs, but others had shown it to happen at still lower levels, between 10mgs and 40mgs.

The alliance also wants fully random testing. Its chairman, Professor Brian Prichard, professor of clinical pharmacology at University College Hospital, London, said: "Every year the Government expresses concern about road safety by running a Christmas drinking campaign. Every year another 2,000 people die in drink-related road accidents."

"Random breath testing has been tried and tested abroad and shown to work."

Christmas shopping, page 7



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School breakfast attracts 200 pupils

By Mark Dowd, Education Reporter

More than 200 pupils from Bracknell, Berkshire, were in a hurry to get to school early yesterday morning.

The magnetic attraction for students at Garth Hill Comprehensive was not algebra or even the sonnets of Shakespeare, but the launch of a new restaurant with the prospect of breakfast before their first academic engagements.

Mr Stanley Goodchild, the headmaster who pioneered the new scheme, said that it was the first school in the county and possibly in the country, to offer breakfast before lessons.

Why was he pushing this nutrition revolution? "Many parents these days go off to work early in the morning and leave their children to get their own breakfast."

More often than not, children don't bother and prefer to stop at the sweet shop on the way to school," he said.

During several previous years as an inspector, Mr Goodchild said he had concluded that schools often insulated pupils by both the presentation and content of the food they provided.

"A school needs to be run as a business, using business techniques and that includes catering," he said.

The service had to be self-financing and hence the new restaurant, to pull in the numbers.

Garth Hill, which has 1,200 students in the 11-19 age bracket, already boasts a £200,000 industry-sponsored computer centre.

Anticipated demand for breakfast meant that canteens for the 212 seats had to be distributed at the end of last week. They were snapped up within an hour.

A quick glance at the menu suggested healthy eating at a reasonable price.

No fried foods, wholemeal rolls, with a typical spot of *petit dejeuner* being poached eggs on toast with coffee.

Kevin Fowles, aged 14, getting a taste of the restaurant at Garth Hill Comprehensive.

Warning on spray snowflakes

By Angela Johnson

Cans of artificial "snow flakes" aerosol sprays, being sold for decorating Christmas trees, could be lethal if sprayed near a naked flame, the British Safety Council said yesterday.

The council said the green cans of Snow Flakes, pine-scented, which were marketed last year by Porth Decorative Products of South Wales, are highly flammable.

The product is still for sale in shops, despite the introduction of a new burgundy-coloured can which is labelled non-flammable.

Mr James Tye, chairman of the council, said: "The marketing company has withdrawn green cans, but unfortunately we have already found that some stores have kept their old stocks for this year."

"I would advise anyone buying these novelty sprays only to purchase the new burgundy cans, which are manufactured using a non-flammable propellant."

The council said it was delighted by the small number of complaints about toys which have been made this year.

Polly Toynbee

In our report on the Maxwell-Private Eye libel case on Saturday, November 22, we inadvertently named Polly Toynbee as one of a number of journalists who had written stories for Private Eye.

Miss Toynbee asks us to make clear that she has never at any time written for, or supplied information to, the magazine, and we apologize to her for the error.

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MISS TOYNEBE

Shopkeepers deny selling solvents that killed boy, 14

Two shopkeepers were in court in London yesterday facing what was believed to be the first case under a new Act forbidding the sale of solvents to children aged under 18 knowing they were likely to inhale it.

Chandrakant Patel, aged 35, and Sureshbhai Patel, aged 23, both of St Stephen's Close, Southall, west London, denied the charges, which arose after the death of a boy aged 14 who inhaled and swallowed a type-writer correction fluid.

The two men were moved from the dock in Lower Bridge Magistrates' Court so that an interpreter could hear the soft-spoken words of the first witness, Robert Walker, aged 12. He said he was with his friend, Lee Kendall, when Lee bought the fluid thinner in the Patels' shop only days before Lee died.

Mr Chandrakant Patel pleaded not guilty to supplying Lee with the fluid between July 27 and August 6 knowing that he was under 18 and having reasonable cause to believe he was likely to inhale it. "For the purpose of intoxication."

He denied a charge of supplying the boy with the fluid on August 6.

Mr Sureshbhai Patel, described as a relation, pleaded not guilty to supplying the fluid to Lee on August 4, with reasonable cause to believe he was likely to inhale it.

He also denied a charge that not being a British citizen, he disobeyed his permission to stay in the country, which expires next February, by entering into employment.

The solvent charges are brought under the Intoxicating Substances (Supply) Act

1985. A court official said it was understood it was the first prosecution before a court under the Act, which affects England and Wales.

Robert Walker said he and Lee went to the Patels' shop in Dunton Road, Southwark, where Lee bought three bottles of the fluid.

Robert, of Conway Drive, Banbury, Oxfordshire, who said he was visiting his grandmother in Bermondsey, east London, at the time, described how he watched as Lee and "his mates" sat in the Spa Park near by and sniffed the fluid.

"They tried to get me to take it, but I would not take it," he said. "They were taking it. They were acting strange. They were like all wobbling. It went on for about 10 minutes."

He had returned from going to his grandmother's for lunch to find Lee and his friends sitting in an old hut sniffing the fluid, he said.

"I went and sat on one of the park benches. I waited half an hour and then Lee and his friend Crispin went to get some more fluid."

It was when they returned that he watched them "wobbling", Robert said.

Later that day after doing a shopping errand for Mrs Maria Kendall, Lee's mother, they were at Lee's home, and left after Lee had been upstairs to his bedroom.

"He had something under his jumper. He showed me; it was a red transistor radio. He had got it out of his bedroom," Robert said.

He said the shop was crowded but when most people had left the smaller of the two men in the shop said to

Lee: "What have you got for me today?"

Lee had replied: "I have got a good radio, it is good for listening to the cricker."

A price of £3 had been agreed, and the cash was handed to Lee who then "pretended to look around the shop before selecting three bottles of the fluid thinner, and also asked for a single cigarette."

"Lee put the fluid in his pocket and went round the corner and smoked the cigarette," Robert said.

Mr Lindsay Burn, for the prosecution, said one of the reasons why boys went to this particular shop, known as Terry's, was because they sold the fluid at 55p a bottle, which was cheaper than other shops in the area.

The fact that a transistor radio had been accepted effectively as payment for the three bottles bought on one occasion was "unusual", he added. A Walkman tape recorder had been taken to the shop on another occasion.

Mr Burn said it must have been apparent to both defendants that with Lee Kendall they were dealing with someone obviously under the age of 18.

Because of the quantities purchased, and exchanging goods for the fluid, the likelihood was that the boy wanted the product for inhalation and clearly did not want it for legitimate use, Mr Burn said.

On August 8 Lee Kendall died and the cause of death was the inhalation of the chemical from the fluid, Mr Burn said.

The hearing continues today.



Caroline Lewis, aged 12, from the Wallace Field School, Epsom, Surrey, rehearsing yesterday on her cornet for the Schools Proms. She is one of 1,200 young musicians playing this week at the Albert Hall, London (Photograph: Peter Trivnor).

Portfolio Gold Artist draws a winner

Four readers share yesterday's Portfolio Gold prize of £8,000.

Mrs Phyllis Murray, aged 53, a part-time artist from Eastbourne, has played the Portfolio Gold game since it started in *The Times*.

"I am absolutely thrilled," she said. "I could not believe my luck. It is quite fantastic."

She plans to spend most of her prize money on improvements to her new flat.

Mr George Beahow, aged 49, a schoolteacher from Upper Woolhampton, Reading, said he would spend his winnings on a new car.

Mr Allan Charlesworth, aged 61, a retired airline administrator, from Bellingham, Macclesfield, said he would spend some of the prize money on "household things" and invest the rest.

The other winner is Mrs Anne Preece, aged 30, the director of a medical clinic in Bournemouth.

Readers who wish to play the game can obtain a Portfolio Gold card by sending a stamped addressed envelope to: Portfolio Gold, The Times, PO Box 40, Blackley, BBI 6AJ.



Mrs Phyllis Murray

General Medical Council

Jaffe juice 'highly addictive'

The drug used to make "Jaffe juice", a concoction with which a hypnotherapist allegedly injected a wealthy businessman on five times a week, would have virtually turned him into an automaton.

That was alleged yesterday at a resumed General Medical Council disciplinary hearing in London where Dr Joseph Jaffe is accused of serious professional misconduct.

The hearing was told that the drug was so addictive it made a dog used for experiments with it put up its paw to ask for more.

The hearing, which was adjourned in August, has been told that Dr Jaffe, a Manchester doctor, gave Mr George Waterson five years of drug treatment and hypnotherapy for which he paid up to £60,000 after being referred by his own doctor.

In that time Mr Waterson's bicycle business which had been making £800,000 a year was ruined. Dr Jaffe put in charge his own accountant who reduced the former owner's salary to £100 a week.

Dr Jaffe, a former mayor of Salford, allegedly treated Mr Waterson, aged 49, who was suffering from anxiety and depression over his family and business affairs, with a barbiturate drug.

The drug, used by dentists and in hospitals as an initial anaesthetic, was described as addictive and potentially dangerous by Professor John Robioso, a consultant anaesthetist from West Midlands Health Authority, who has contributed to two medical papers on the drug.

Dr Jaffe, aged 60, denies five charges of serious professional misconduct relating to his treatment of Mr Waterson.

The hearing continues today.

Solicitor is accused of stealing

Ian Wood, the solicitor who faces a double murder charge and one of attempted murder, was yesterday accused of stealing £84,800.

Mr Wood, aged 37, of Ughill Hall, Bradfield, Sheffield, was remanded in custody for seven days by Sheffield Magistrates' Court.

He was accused of two charges of stealing.

Mr Wood has already been charged with the murders of Danielle Lloyd, his girl friend, and her daughter Stephanie, and the attempted murder of her son Christopher. Reporting restrictions were not lifted.

Tug of love

Father jailed for kidnapping girl

A father who kidnapped his daughter and flew her out of Britain in a tug-of-love custody case was jailed at Southwark Crown Court, south London, yesterday.

Her mother and her two brothers finally managed to snatch her back. But although the mother and her daughter, aged five, got away safely her two brothers were jailed and tortured in Egypt.

The Egyptian father had fled to Cairo with the girl after his wife, born in the Irish Republic, was given custody.

The father, an archaeologist aged 32, was jailed for 18 months, 14 of them suspended, after admitting abducting his daughter on February 18, 1985.

The court heard that when the couple's marriage of four years broke up the girl's mother, aged 32, was granted custody and the father was not allowed to see his daughter.

But the mother took pity on her former husband and let the child stay overnight with him at his home in Maida Vale, north-west London.

After three days she had not seen or heard from either him or her daughter and finally rang his parents' home in Cairo.

Mr Georges Khayat, for the prosecution, said: "She spoke to him and could hear her daughter in the background."

"The mother contacted an organization called Find A Child which funded her and her two brothers to snatch the child back."

They flew to Cairo and then carried out a carefully planned operation to reunite the girl and her mother.

The mother rang the bell of her former husband's parents' home in Cairo and screamed out her child's name.

A car, driven by a friend, was waiting outside with the engine running and when the daughter dashed out they picked her up and sped away.

They dumped the car and the mother hired a taxi and she and her daughter were driven across the desert to Israel, at a cost of £180.

Meanwhile her two brothers were set upon by her former husband's neighbours. Police were called and the two men were thrown in jail, strung up by their hands and whipped.

Finally they were thrown out of prison and made their way to the Irish Embassy which arranged for them to fly home.

When the child's father returned to Britain he went to Harrow Road police station in west London and asked for help to get his daughter back.

The officers knew he was a wanted man and arrested him on the spot, Mr Khayat said.

Mr Khayat told the court that the girl was living happily with her mother and had recovered from her ordeal.

Judge Anvyl-Davies, QC, told the father: "To invoke love as you did is entirely against the interests of the child."

He ordered that the girl should not be identified.

The court was told that in February last year the father was fined £150 for three offences of indecently exposing himself.

Boy sentenced after £80,000 DHSS blaze

One of two boys aged 14 who admitted setting fire to the Department of Health and Social Security in Stanley Road, Liverpool, last March, causing £80,000 damage, was sentenced to two and a half years' detention yesterday.

Liverpool Crown Court was told by Mr Ian Trigger, for the prosecution, that the fire was started deliberately on the ground floor by people cutting up strips of card after breaking in through a fire door.

The second boy was remanded on bail for reports.

Awards for nature work

Outstanding conservation achievements are to be recognized by a new national awards scheme, Mr Nicholas Ridley, Secretary of State for the Environment, announced yesterday.

Under the scheme, the Royal Society for the Protection of Birds Awards, sponsored by Esso UK, will honour contributions to wild bird and countryside conservation by individuals, industry and the media.

Driver killed by falling tree

An elm tree blown down by a freak gust of wind, crushed a car killing Mr Anthony Marsh, aged 43, of Deans Farm, Wretton, Norfolk. His daughter, Emma, aged 10, was in hospital yesterday, seriously ill with head injuries.

Villagers in Methwold, Norfolk, worked with chainsaws to free them from the wreckage. The tree, one of an avenue on the B1106, was due to be cut down this week.

'Be detectives' parents urged

Parents have been urged to turn detective on their children by Mr Barry Price, Chief Constable of Cumbria, as part of a drug campaign.

Mr Price, who has promised an amnesty for young addicts reported by parents, said: "Searching a child's belongings is better than letting the dangerous habit continue."

Diabetic to get award

Harry Pearson, aged 73, one of the first diabetics to be given insulin after its discovery in 1922, is to be given an award after injecting himself with the drug 38,000 times.

Mr Pearson of Darley Avenue, Matlock, Derbyshire, will be presented with a medal by the British Diabetic Association.

Youth accused

A teenager appeared before magistrates in Lowestoft, Suffolk, yesterday accused of abducting a woman aged 34 and her two sons, aged three and 11, at knife-point.

Steven Cyprus, aged 19, of the Fyffe Centre, Lowestoft, was remanded in custody for eight days charged with kidnapping and robbery.

'Jogging rapist' given 18-year jail sentences

Winston Messam was sentenced to 18 years in jail at the Central Criminal Court yesterday for four sex attacks on women in West London.

Judge Lowry said that Messam, of High Street, Acton, west London, had "inflicted grave emotional scars" on his victims, whose homes were selected as he jogged at night through residential areas.

Three of Messam's victims never went back to their homes, the judge said. One victim had gone abroad and another had been forced to change her job because of fear of being alone with strangers.

"Anyone who watched those women re-living their ordeal in the witness box realised there must be grave emotional scars inflicted on them: Each of their lives has been gravely affected by what you did," the judge said.

He added: "My main concern must be the public, and in particular women. There has been no sign of remorse and anyone who knows of this case is fearful of crimes you might commit in the future."

Messam, aged 20, was given an 18-year sentence for each of the four rapes. Judge Lowry directed the sentences to run concurrently.

Messam was also given a total of 10 years for burglaries, also to run concurrently.

The jury which convicted Messam were told he chose women who were cat lovers and who left their windows open.

His victims, aged between 24 and 45, were attacked between September 1984 and January this year. Judge Lowry said that Messam had begun the series of rapes when he was only 18. A skillful burglar, he selected targets while out training.

"You were not only looking for opportunities for theft, but diagnosing where there were defenceless women alone in their homes."

"All these were extremely grave aggravated crimes of rape: a woman alone in her home surprised by an intruder. Each time you were masked to evade detection. In three cases you were armed with a knife."

The judge said that Messam stole from his victims and added to their fear and degradation by such comments as: "Are you enjoying



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November 24 1986

PARLIAMENT

Oil and gas industries 'in great difficulty'

OIL INDUSTRY

The oil industry was going through one of its most difficult periods since oil and gas were first discovered off Britain's coast...

The situation was evolving and would continue to do so while the Bill went through. That was one reason why the Government had chosen the flexible framework of the Bill...

The Secretary of State would have power to draw up a programme for removal where the owner was unable or unwilling to do it, and could recover the costs incurred...

There were some 150 oil and gas installations on the United Kingdom continental shelf at present. As the industry would continue to develop for many decades to come...

There was a wide variety of different installations to consider. Some were fairly small and lightweight while others were giant, particularly the huge steel and concrete structures placed in water depths of up to 185 metres...

The heavy ones were mainly in the northern North Sea. In the southern North Sea, the smaller structures, weighing as little as 300 tonnes...

Costs of removal could involve huge sums of money. Estimates made in co-operation with the oil industry in 1984 had shown that, in broad terms, total removal of structures in place would cost around £6 billion...

There was no provision to set standards, to deal with submission and approval of removal plans, or to prevent default from removal obligations...

North Sea was not developed as it was now, and international law was not related to such structures...

The onus for removal of the installations rested with the owners, but using regulations made it easier to vary what might be required in the light of experience and of any changes in international law...

He was aware that some oil companies believed that the provisions of the Bill were too severe. They would consider, with the oil companies, whether there was a better way of achieving the objective...

The Bill also dealt with the question of royalties, up-dating the existing regime, and rationalizing procedures for royalty accounting and arbitration...

By a flexible approach, the Government would be able to react to changes in views, policies and objectives, particularly in relation to the North Sea. This flexibility was considered essential for the search for new internationally agreed sets of standards...

Abandonment involved not merely the installations, but vast tracts of pipeline on the seabed. That created an additional challenge...

There were about 6,000 installations scattered around the seas of the world, but the majority stood in waters less than 40 metres deep...

He said that the real enemies of good local government were the "extremists" in the Government - Mr Norman Tebbit, Mr Nicholas Ridley and Mr Nigel Lawson...

As first disclosed in The Times, a carefully orchestrated campaign by Conservative Central Office lay behind the attempt to portray Labour's antics in places such as Brent and Harringey as a forerunner of how the party would govern the country...



Mr Walker (left): Decision as soon as possible. Mr Goodlad: Meter trial promised. Mr Hunt: Investment level is justified.

Investment in coal is queried

A Labour MP questioned changes in the accounting practice of the National Coal Board after the announcement of record levels of investment in the British coal industry by the Government during Commons questions...

Mr Alexander Eadie (Midlothian, Lab) asked whether two changes in accounting practice had been taken into consideration. Mr David Hunt, Under-Secretary of State for Energy, said: "What he has failed to appreciate is that, even if you look at the total amount of investment under the previous Labour Administration, it is less than envisaged under (Labour's) Plan for Coal and considerably less in real terms than under this Administration...

Earlier he told Mr Andrew Stewart (Sherwood, C) that £5 billion had been invested in the coal industry since 1979, a real terms rate of investment had been more than 35 per cent a year higher than under the previous Administration...

Mr Hunt said that he had seen in his visits to collieries some of the finest equipment and some of the finest miners in the world. Mr Peter Harby (Westwolds, Lab) said that investment in the coal industry in the past decade stemmed from the Plan for Coal for which the last Labour Government was responsible...

Mr Hunt: I am surprised he should mention the discredited Plan for Coal. Investment under this Government has been far higher in real terms than was ever envisaged under Plan for Coal.

Mr Hunt: That is one of the most disgraceful insults I have heard in the House. It is an insult to all who work in the industry. Pit safety is always paramount.

Walker will not commit himself on Sizewell

Mr Peter Walker, Secretary of State for Energy, refused to commit himself, despite several requests, to publish the Inspector's report on Sizewell before coming to a decision on whether or not to build a pressurized water reactor there...

Mr Walker: I have said that I wish to see and consider the report before making up my mind on those matters. Mr Bernard Coslan (Gateshead East, Lab): The long delay has created havoc in the industry. It is imperative for him to make an early decision.

Mr Walker replied that there had been no way in which he could hasten the inspector, although all the services he needed had been provided.

Mr Walker agreed that decisions must be reached as quickly as possible. Mr Simon Hughes (Southwark and Bermondsey, L) suggested that if Mr Walker was so keen to privatize electricity supply, he should offer the private sector a PWR. He would then find that there was no economic case for it.

Mr Walker promised to consider the suggestion carefully. Mr Anthony Speller (North Devon, C) asked for an undertaking that some of the proceeds of the privatization of the electricity supply industry would be available to discharge any liability for loss or damage.

Mr Walker: I have always said to the House that of course I would not rule out the possibility of the privatization of coal; it would be absurd if I did.

ENERGY

Continuation of the nuclear industry. Will the minister undertake that we may first have a discussion before there is a decision before there is an answer?

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British Nuclear Fuels in developing the Thorpe reprocessing plant will have spent £1,500 million by 1990 and created thousands of jobs.

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Cumbersome Act used in papers move, Luce agrees

Mr Richard Luce, Minister for the Arts, told the Commons that Lord Justice Watkins, who had given judgment on the banning of News International publications from some public libraries...

Mr Luce said that it was because of the reasons Mr Greenway had given that he had written to the chairman of the Audit Commission...

It is not clear also that Conservative MPs are hiding behind the law in order to carry out policies contrary to the interests of working people?

Mr Luce: He seems to ignore that these particular authorities have been found to have contravened the 1964 Act in withdrawing newspapers to make a political or industrial point.

Mr Luce: I find it astonishing that this action by these authorities was unacceptable. Not once has the Commission exercised its powers under this Act to make a political or industrial point.

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WAPPING

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Coal sell-off is not beyond possibility

The possibility of privatization in the coal industry could not be ruled out, Mr Peter Walker, Secretary of State for Energy, said during Commons questions...

His reply came during a question when Mr Peter Rose (Erewash, C) asked: When will British Coal management and miners be given the opportunity to follow British Gas employees by becoming shareholders in their enterprise as a reward for the excellent progress the industry has made in recent months and provide a further motivation for improved productivity and profitability in the industry?

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Attack on lobby system

The lobby system came under attack in the Commons on Labour MPs when Mr Dale Campbell-Savours and Mr Bernard Ingham, the Conservative spokesman on the subject, said during Commons questions...

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Cash scrutinies still going on

The scrutiny process of the efficiency of Whitehall departments begun by Lord Rayner continued to prove its worth, Mr Richard Luce, Minister for the Civil Service, said during Commons questions...

Mr Luce said that savings already made as a result were now running at the rate of £300 million a year and further savings of £100 million were expected to be made. The scrutinies had also led directly to improvements in service to the public.

Mr Luce said that efficiency scrutinies had not suddenly stopped. There would continue to be a relentless drive to ensure that the taxpayer got the best value for money and that the civil service was as professional as possible.

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Loony left' dispute

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Row over Militant candidate

Labour leaders are fighting to stop a Militant supporter being elected to the key committee which is to be in charge from the new year of moves to expel Militants from the party.

Mr Neil Kinnock and his colleagues are angry at the decision of the Transport and General Workers' Union, with its 1.25 million votes, to nominate Mr Alan Quinn to serve on the new 11-member National Constitutional Committee.

It was set up at the party conference in October to take the business of throwing out Militant Tendency supporters from the constituency parties away from the spotlight of the national executive committee.

Cunningham strikes back at Tories

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Sale of BR proposed by Tories

Conservatives on the Commons transport select committee are to press for an inquiry into the feasibility of privatizing British Rail.

They felt that the committee, chaired by the Labour MP Mr Gordon Bagier, has failed to challenge the status quo during its investigation into British Rail finances.

Lord Montgomery of Alamein, honorary president of the Restaurateurs Association of Great Britain, introduced the Licensing (Restaurant Meals) Bill after the Government made clear that it is reluctant to bring in its own reform of licensing laws this session after the demise in the last session of the Shops Bill.

24-hour drinks scheme for restaurants

Restaurants will be able to serve drinks with meals at any time of the day or night if a Bill introduced in the House of Lords becomes law.

The Government is expected to back the measure, which is one step towards relaxing the licensing laws. But determined opposition from a small group of peers or MPs would be enough to defeat it.

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Fribunal employe against

Tribunal warning to employers over bias against Aids victims

By Thomson Prentice, Science Correspondent

The Government gave warning to employers yesterday not to discriminate against sufferers or carriers of acquired immune deficiency syndrome (Aids).

Ministers are worried that the inevitable spread of the disease could soon lead to many victims being treated as outcasts at work.

More than 400,000 people are being sent a booklet which cautions them that they could be called before industrial tribunals for dismissing workers who have been exposed to the disease.

Refusing to hire a job applicant because of Aids risks would also be "unreasonable", according to the government advice.

Mr Kenneth Clarke, the Paymaster General and Minister for Employment, has told the employers that "unnecessary fears" about Aids could lead to "quite needless discrimination in the workplace".

That in turn could result in Aids carriers concealing their infection in offices or factories and not getting medical advice, he said.

"Shunning Aids carriers could drive this disease underground and help it spread

more rapidly," Mr Clarke said yesterday. "We are very anxious not to have people made outcasts at their place of work."

The booklet, *Aids and Employment*, has been issued because of government concern that discrimination could become widespread in the months and years ahead.

At least 30,000 people are believed to be infected and a third or more are likely to develop the disease in the next few years.

Almost all of them are likely to be of working age. The booklet, which is also being sent to general practitioners, employers' associations and trade unions, calls for better understanding of the risks of Aids infection.

The facts must be understood before someone at a workplace is thought to be infected, "by which time the climate is likely to have become emotionally charged", the booklet says.

"If employees refuse to work normally with an infected individual an employer would need to respond, as he would to other forms of industrial action, and seek a resolution through normal procedures."

"Dismissing individuals

who are infected, or thought to be infected, simply because of pressure from other employees would in many cases expose the employer to a claim for unfair dismissal," the booklet gives warning.

"There is generally no obligation on individuals to disclose their infection or to submit to medical tests for the virus. Anything which can be interpreted as an inquisition into an employee's personal life-style should be avoided."

The booklet says that there is no risk of Aids unless there is direct contact with blood, semen or other body fluids of infected individuals.

The National Children's Home charity said yesterday that 18 boy prostitutes infected with the Aids virus were deliberately spreading the infection in London.

The youths, identified in a voluntary screening exercise, were seeking revenge because most had been sexually abused as children, the charity said.

A special unit is being set up to treat the boys, who were adopting "a kind of destructive bravado, but were also terrified of dying so young," Mr David Pithers, the charity's director of child care studies, said.



Mr Clive Leach (left), Mr Cyril Flint (centre) and Mr Frank Brazier at work on the bomber (Photograph: John Rogers).

Bomber R for Robert needs a nose

By Trudi McIntosh

The restoration of Wellington bomber N298, R for Robert, recovered last year from Loch Ness, is well under way at Weybridge, Surrey, but for a nose.

The lower part of the aircraft's nose, which originally supported the forward gun turret, still lies buried in

two feet of mud at the bottom of the loch, where the aircraft ditched during a snow storm on New Year's Eve in 1940.

The Wellington project has only enough money for one more salvage attempt this month to recover the bomber's forward gun turret. A separate diving expedition is needed to raise the nose.

"Unless we find a benevolent millionaire or company sponsor to donate £5,000 by Christmas, the Wellington's nose will probably have to remain buried in the mud," Mr Robin Holmes, chairman of the Loch Ness Wellington Association, said.

Teams of volunteers at Brooklands Museum in Wey-

bridge, and companies throughout Britain are gradually restoring the airframe.

Mr Clive Leach, a former Royal Air Force pilot who flew Wellington bombers in the Middle East during the Second World War, estimates that it will take a decade to recreate the bomber.

Incidents which have led to questions about the plant's safety in the House of Commons have plagued Hinkley Point since the Magnox A station was built 25 years ago.

In August the B station was shut down for the fifth time in two months when a reactor was tripped out automatically by a safety circuit.

Nuclear reactors shut down by fault

Trouble has again hit Hinkley point nuclear power station, where three out of four reactors were out of action yesterday.

A "temporary fault" closed down the two reactors of its B station after a long-planned inspection had closed one at Hinkley point A.

The Central Electricity Generating Board emphasized: "There is no question of a radiological hazard," and added that there was no damage to the plant at Bridgwater Bay, Somerset.

The board said yesterday that it hoped one reactor could be working again within hours and another today.

The extra cost of generating replacement electricity was thought to be about £300,000.

The cause of the B station shutdown was a fault in the instruments in the turbine hall affecting pressure valves in the boiler feedwater system.

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Sister may hold clue to murder

By Angella Johnson

A woman police officer is waiting at the hospital bedside of a badly injured woman aged 80, to see if she can give detectives any clues as to who murdered her sister, aged 78.

Miss Ethel Stubbs was killed after being dragged from her bedroom and suffocated when a gang broke into her house in Albany Road, Waltham, south-east London.

Miss Dora Stubbs is in King's College Hospital, south-east London, with a broken nose, ribs, and injuries to her wrists. She is severely shocked but has already said that two white men were involved.

Two teenage girls may also be implicated. Police say they are members of a gang which has been preying on elderly people living alone in the area and may have been responsible for this attack.

The gang has carried out three aggravated burglaries on women aged 80, 85 and 90, all within a mile of each other recently. In all cases the women were gagged.

One victim aged 80, who is still in hospital, described one of her attackers as an attractive brunette, aged about 18, who was wearing a black and white polka dot dress.

This latest incident occurred in the early hours of Saturday morning.

Attacker at riots sentenced

Kuomba Balogun, a Bristol community leader, was given a suspended prison sentence yesterday for assaulting two police officers.

In September, police carried out a raid in the St Paul's area of the city. Two nights of rioting followed and Balogun, chairman of St Paul's Community Association, was arrested after trying to stop the police filming the disturbances.

Balogun was found guilty in a number of assaulting the two officers. Yesterday, Bristol magistrates sentenced him to three months' imprisonment, suspended for two years.

Jarrett son is remanded

The son of Mrs Cynthia Jarrett, whose death sparked off the riots in Tottenham, north London, appeared on remand at Bow Street Magistrates Court, London, yesterday.

Michael Jarrett, aged 22, a painter and decorator, of Thorpe Road, Tottenham, and Sarah Ariff, aged 22, a receptionist, of Elsdon Road, Tottenham, are accused of attempted theft at Leicester Square Underground station on November 8. They were both remanded on bail until December 8.

Militants accused of Stalinist tactics

By Peter Evans, Home Affairs Correspondent

The militant leaders of Liverpool City Council were accused of "Stalinist tactics" against the city's black community in a report published yesterday.

The authors, the Liverpool Black Caucus, accuse Militant of character assassination, crushing of dissent and of concentrating enormous power in the hands of a few key figures, such as Mr Derek Hatton as "public figurehead".

They denounce "the control and manipulation by various gerrymandering devices of the party machine", whose meetings were increasingly described as Nuremberg rallies because of the intimidation and physical menace lying behind calls for "unity" in the "working class struggle".

The document is endorsed by the Roman Catholic Archbishop of Liverpool, the Most Rev Derek Worlock, and the Anglican Bishop of Liverpool, the Rt Rev David Sheppard in a joint foreword.

They say Black Caucus members render a great service by providing a well documented account of relationships with Liverpool City Council and of events which have been hidden from the public.

The caucus criticizes the "fixed" appointment of Mr Sampson Bond, a London building surveyor and Militant supporter, as the principal race relations adviser, although he had no experience of that work.

The authors say: "We have seen how Militant and their supporters began their frontal attack on Liverpool's black community at the special District Labour Party of the concerted vilification of black community groups - 'violent', 'unrepresentative', 'criminal', and 'self-interested'." "The unscrupulous willing-

ness of Labour's local leadership to use the repertoire of racist language and emotion in this way as part of their political project has been one of the most shameful aspects of this issue.

"It is this continual use of all the classical features of Stalinist politics that stand out in analysing the approach adopted by Militant to the black community in Liverpool."

The authors say: "The current Militant-dominated Labour leadership of Liverpool City Council have demonstrated their total indifference with their policies of malign neglect."

In retrospect it seemed an extraordinary decision by Labour's ruling inner circle to take the risk of embarking on such a struggle with the black community in Liverpool, they say.

But this short-sighted political approach of being determined to crush all political opposition at whatever cost and by whatever means necessary, however damaging or disreputable, has been the hallmark of Militant's period of office.

"Ultimately this greed for control and total power to be exercised by the inner circle of the ruling party alone, or by their trusted and proved creatures, proved their undoing."

After referring to the Liverpool violence of 1981 and the signs of further disorders in 1985, the authors continue: "If after all this, Liverpool's political leaders still cannot find the commitment to restore genuine dialogue with the black community - then there can be no prospect for peace in this city."

The church leaders say: "As far as we know the account of these events is a fair one. It merits widespread attention and whole-hearted response." The report is published by the Runnymede Trust.

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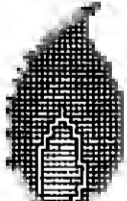
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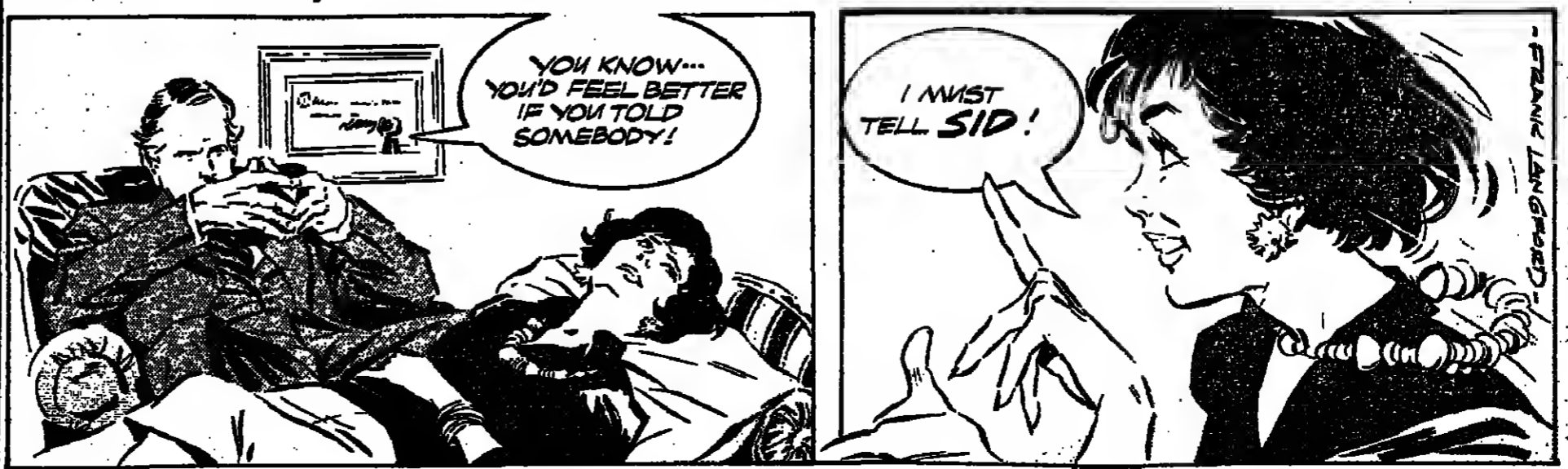


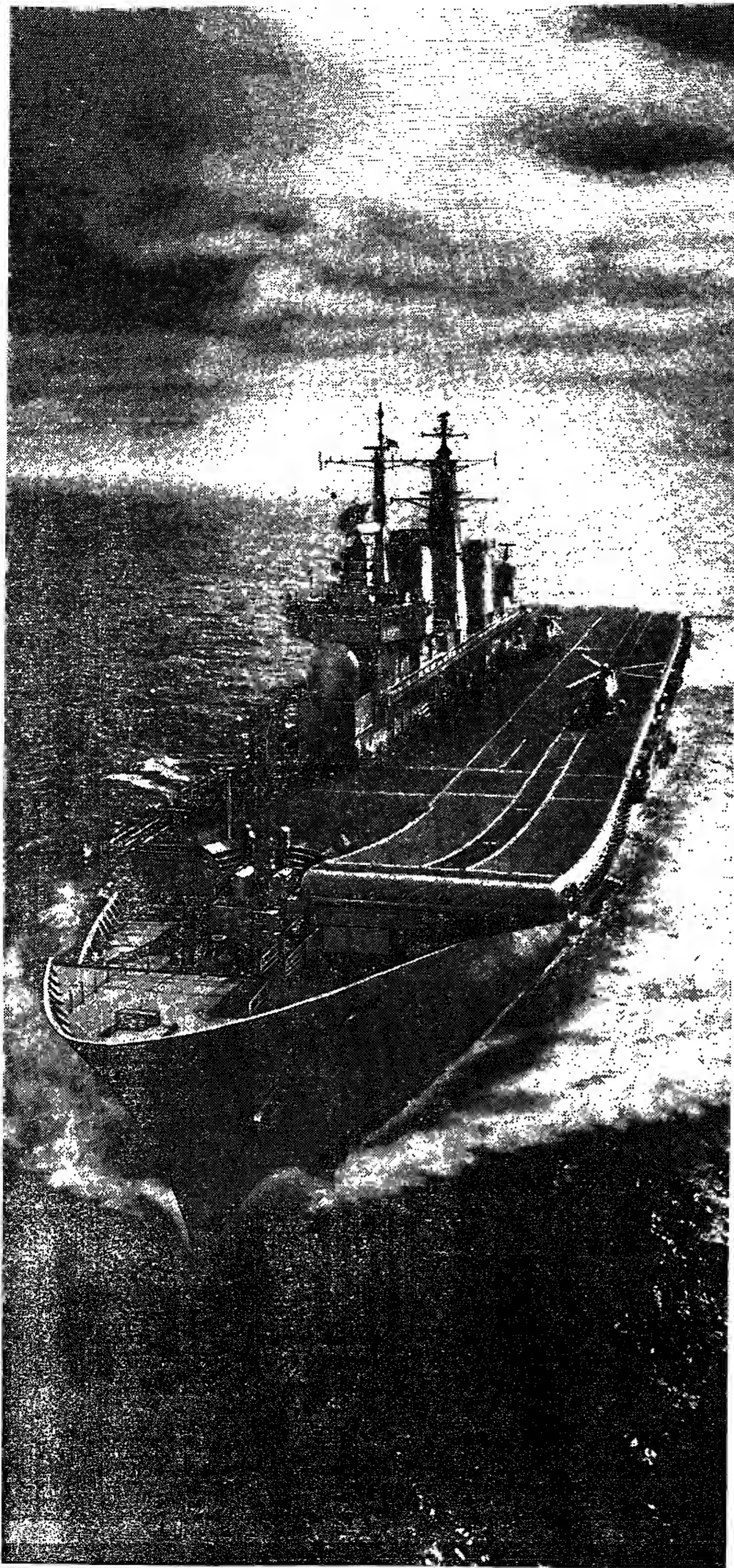
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Heroin-ring leader jailed for 28 years and fined £200,000

By Stewart Tendler, Crime Reporter

Paul Dye, head of a £200 million international heroin smuggling ring, was sentenced to a record 28-year prison sentence and £200,000 fine at the Central Criminal Court yesterday after conviction in one of the biggest customs investigations ever mounted.

He was found guilty with five members of his organization last Friday for their roles in a British drugs ring which smuggled between 40 and 50kg of heroin into the United States from Pakistan in grades swapped in the transit lounges of Heathrow airport.

Yesterday the five received sentences ranging from seven to 17 years.

Judge Rant, QC, told the men their offences were "evil and callous in the extreme". Heroin was a scourge causing misery, degradation, crime and sometimes death.

It took little thought to realize what havoc had been caused by the men in the dock who had acted for money, the judge said.

The courts would make heroin-peddling worth not even the large profits available.

Passing sentence on Dye, aged 42, a company director from Iver, Buckinghamshire, the judge told him he was a "devious, greedy and utterly unscrupulous man".

The judge said that if he had had the power Dye, a small-time crook who made millions from heroin, would have been given a life sentence without hesitation.

Dye received the longest sentence ever given in a British court for a drug offence.

Convicted on three charges of conspiracy, he was given consecutive sentences made up of two 14-year sentences and a further four years.

If he fails to pay the fines he will serve another two years as well.

Dye and the others were arrested a month before the Criminal Justice Act took effect allowing for a life sentence for a drug offence.

Dye was fined £150,000, the value of his home, and £51,000 found in his safe.

The rest of his assets are thought to be still hidden in Switzerland or the United States.

Clive Williamson, aged 29, an electrician from Northolt, west London, was given sen-

tences adding up to 17 years in prison. Williamson, one of Dye's lieutenants, had acted as a courier and minder.

The judge said he was a "significant cog in the machine".

Peter Davies, aged 30, a bread salesman from north London, was given 12 years; David Millard, aged 37, unemployed, from Peterborough, was given 10 years; Paul Murphy, aged 30, unemployed, of north London, was given eight years; and Graham Ellis, aged 31, a meter reader, of Twickenham, south-west London, received seven years.

The six were convicted for taking part in an organization which operated for more than two years.

Dye began smuggling drugs in 1980 and built up his organization through friends, neighbours and contacts.

When customs officers struck last year for the first time they captured an entire drug organization stretching from the supplier in Pakistan to the main American dealers.

Four of Dye's recruits convicted in the United States were brought across the Atlantic to give evidence against him.



Mr Douglas Hurd, the Home Secretary, being driven around Parliament Square, London, yesterday in a 1901 Mors led by a man with a red flag. It is 90 years since Parliament abolished the warning procedure. Mr Jeffrey Rose, chairman of the RAC, was at the wheel and Mr Neil Thorne, MP, (left) chairman of the Commons motor club, and Lord Strathcarroll, chairman of the Lords motor club, rode in the back (Photograph John Manning).

BCal in legal fight over link-up plan to beat US rivals

By Harvey Elliott, Air Correspondent

Plans by British airlines to compete with their giant American rivals by linking up with other carriers in Europe, could be ruled illegal after a bitter legal battle being fought at the Civil Aviation Authority.

British Airways yesterday tried to prove that a deal between British Caledonian and Sabena, the Belgian flag carrier, to operate a joint daily service to Atlanta, Georgia, was based on a "misconception".

It argued that the service, which involves a Sabena 747 flying with joint crews from Brussels to Gatwick and on to Atlanta, was not a British operation and therefore could not be licensed by the CAA.

BCal should be removed from the licence which should be awarded to British Airways instead, it argued.

The CAA's decision, which could come before the end of the year could have significant impact on future operations of a similar kind.

For BCal, together with a number of airlines, believes that only by linking with other European carriers can it become sufficiently powerful to mount a counter-attack on the few large American airlines now threatening to dominate the Atlantic routes.

Mr Timothy Walker, QC, for British Airways, argued that BCal was not using its licence to operate to Atlanta because the aircraft being used belonged to Sabena which was also legally responsible for all its passengers, including those picked up at Gatwick on BCal tickets.

His basic argument was accepted by the CAA panel, chaired by Mr Ray Colegate. "I have little difficulty in accepting British Airways' argument on the narrow point that BCal is not currently using its licence," Mr Colegate said. But he added that the panel would have to consider wider questions.

BCal is arguing strongly against the accusations and claims that British Airways is using "spoiling tactics fuelled by the arrogance of monopoly".

The hearing, which is scheduled to last for one more day but could be extended, is regarded as having great significance for future co-operative ventures in Europe and could even affect the way BA seeks links with other airlines on the Continent once it is privatized early next year.

Mr Air France yesterday announced a new service between Bristol and Paris, starting on January 5. It will operate five times a week, Monday to Friday.

Christmas shopping: 2

Children tempted by the £60 toy

The most coveted toys this Christmas seem to have one thing in common - a £59.99 price tag. Spend any less and you may risk resentful glares from disappointed young people.

The toy shops are still not sure what will be this year's equivalent of the BMX-bike, the home computer, the Cabbage Patch doll, and the Optimus Prime transformer, necessities of past Christmases, probably now languishing in the attic or a corner cupboard.

Favourites so far this Christmas are talking bears of which no fewer than three - Teddy Ruxpin, Gabby Bear and Smarty Bear - are vying to catch the children's ear at £59.99 each.

Teddy Ruxpin is the veteran of the genre, Gabby Bear moves his mouth and eyes to give his conversation more expression, and Smarty Bear is computer-programmed with 16 different responses. Tickle him and he giggles.

There is a talking doll for little girls whose tactics do not run to teddy bears, mice or chatty. Her name is Baby Talk and her repertoire includes phrases such as "I love you" and "Feed me". Stick a bottle in her mouth and she makes sucking noises. She costs, of course, £59.99.

For children with less domestic preoccupations than baby-talking bears and dolls, there are radio-controlled cars. This year's most popular models are frame buggies with gears to cope with variable terrains and obstructions. On the road: £59.99.

People to whom such sums sound like Monopoly money will be pleased to know that the world's best-selling board game is still going strong this year, as is its veteran rival, Scrabble.

Trivial Pursuits, is now seeing its fifth Christmas, and among the newcomers the most fancied are a personality-

testing exercise called Scruples and a game named September, devised by the people who swept the board with Kensington a few years ago.

This year's essential stocking filler is Rubik Magic, successor to the infuriating Rubik Cube, 150 million of which have been sold round the world since 1977.

That second invention by Professor Erno Rubik, the Hungarian puzzle-master, consists of eight flat panels of plastic connected by an ingenious series of hinges.

The object of the game is to rearrange the graphics on the panels into three interlocking rings. The panels are hinged by Chinese fingers in a factory in Canton, and will almost certainly unhinge Western minds.

Matchbox's estimates for Rubik Magic sales this year have leapt from five million to 10 million by Christmas. "Retailers have just gone crazy for it, and the workforce in Canton has been increased from 2,000 to 3,000 to keep pace," it said.

The rush to buy Christmas gifts and goodies is about to begin in earnest, though retailers say that the wet weather has caused a late start.

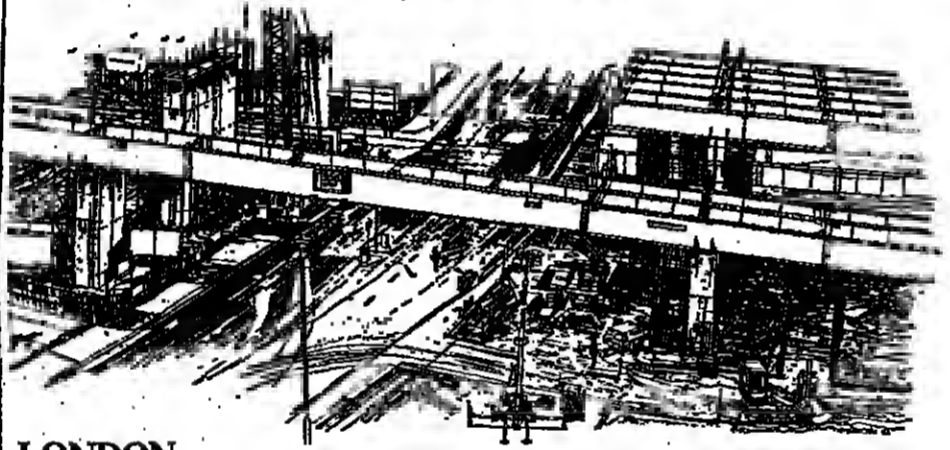
The 21 stores in the John Lewis Partnership reported that sales in the week which ended November 15 were 8.8 per cent up on the equivalent week last year.

The Financial Times-Confederation of British Industry survey of trends in the distributive trades suggests a 6 per cent increase in volume sales overall for the year. Christmas shoppers will have to get their skates on soon.

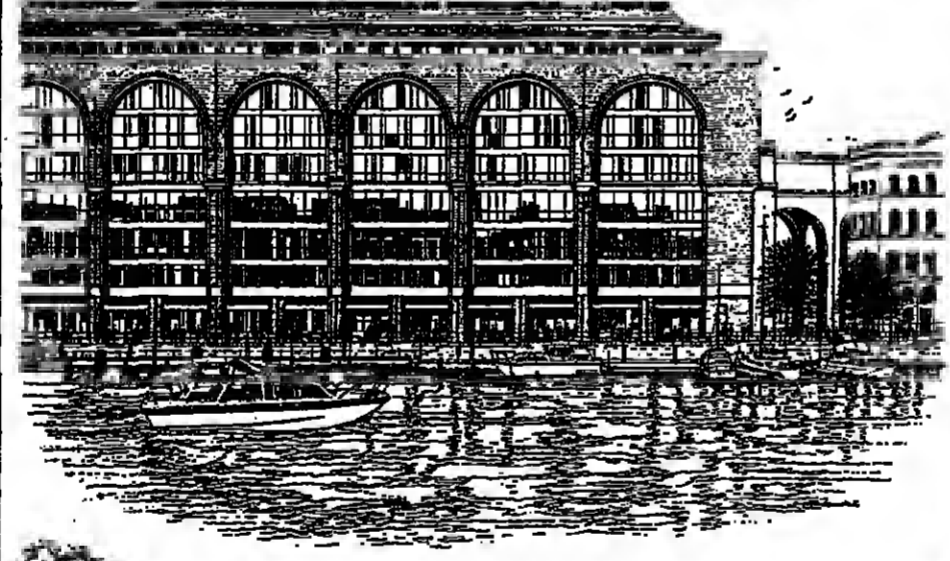
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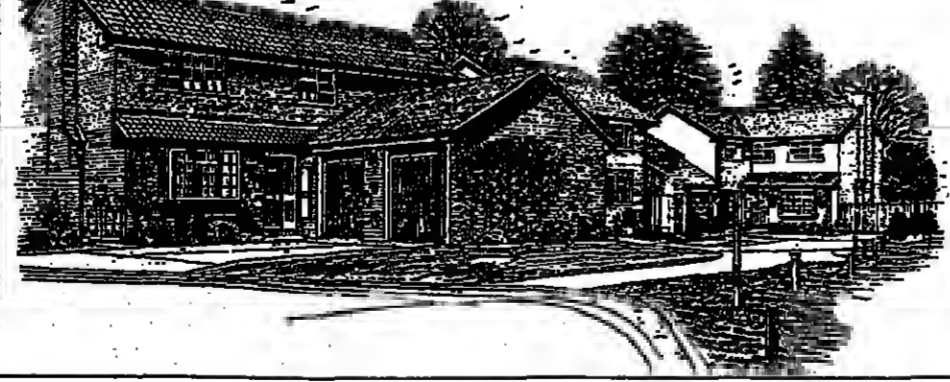
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The A406 South Woodford to Barking relief road (Contract No. 2) is being built by Taylor Woodrow Construction Limited for the Department of Transport.



LONDON
Commodity Quay at St Katharine-By-The-Tower. When completed it will provide over 243,000 square feet of offices, trading floors, residential accommodation and underground car parking and will be the new headquarters for the London Commodity Exchange.



KENT
Redwood and Pinewood detached homes at Woodlands, Vinners Park, Maidstone - a Taylor Woodrow Homes Limited development.



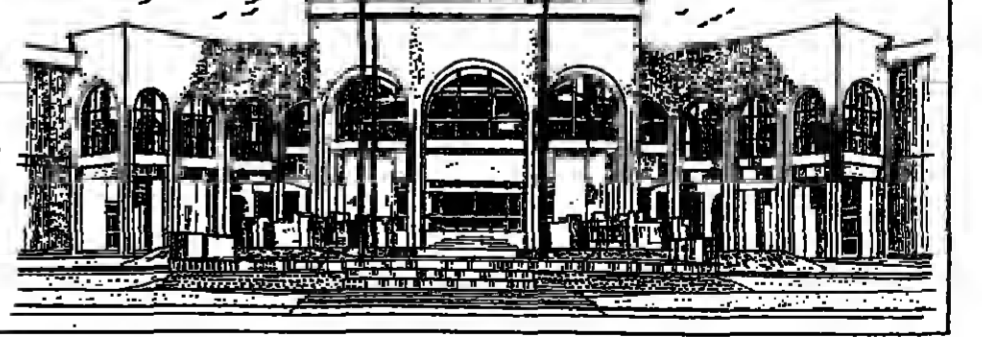
NORTHUMBERLAND
Butterwell opencast coal mine celebrated its 10th anniversary this year. Operated by Taylor Woodrow Construction Limited for British Coal the site produces in excess of 1 million tonnes annually and is one of the largest opencast sites in Western Europe.



USA
Model homes at Beacon Hill Vistas, part of the master planned community at Laguna Niguel, California by Taylor Woodrow Homes California Limited.



SAUDI ARABIA
School of Signals complex at Khashm al An, Riyadh. Civil and Building Works Contractor - Taylor Woodrow International Limited.



Print men freed after court plea

Two print workers who were jailed for six months for attacking a newspaper van after it left News International's plant in Wapping, east London, were freed by the Court of Appeal yesterday.

Although the judges agreed with the trial judge that what happened was "a disgraceful piece of street hooliganism", they reduced the sentences to 60 days to allow the men to be freed immediately.

David Payne, aged 43, a Southwark councillor, of St Matthew House, Philip Street, Wandsworth, south London, a Daily Telegraph printer for 23 years, and Robert Tetaur, aged 33, a former copy reader on The Times, of Dorking Crescent, Clacton-on-Sea, Essex were both convicted of causing actual bodily harm by Southwark Crown Court.

They had followed a van after it left Wapping and when it stopped on Tower Bridge, Tetaur opened the rear and started scattering papers. A fight broke out between the two print men and the van driver and his mate. Payne used a saucelpan to attack the van driver.

Payne had his application to appeal against conviction dismissed by Mr Justice Taylor, sitting with the Lord Chief Justice, Lord Lane, and Mr Justice Rose.

Anger at demolition of cottage

Demolition men moved in yesterday and started taking the roof off Rose Cottage, the home of two elderly brothers who were evicted last week.

Mr Gordon Howards, aged 75, and his brother, Billy, aged 66, lost their three-year fight to stay in the house, in Cope Street, Barnsley, West Yorkshire, and were forced to move out last Tuesday.

But friends and supporters believed demolition work would not take place after they held talks with Barnsley council.

The house and four acres of land are wanted for the building of 71 new homes, more than half for the elderly, and were compulsorily purchased.

On December 1 an appeal by the European Court of Human Rights was due to be heard.

Mrs Dorothy Shaw, a friend of the brothers, said: "You can't trust anything Barnsley council has told us. I am just sickened at the speed of the demolition, it's totally unnecessary."

Mrs Rita Wood, another friend, said: "The council gave us an assurance that the work would not begin until all their property had been removed".

The council said the matter was now out of its hands.

Demolition is being handled by the Yorkshire Metropolitan Housing Association.

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Barclays Bank withdrawal raises fear of others to follow

Sale seen as first move by British firms in trek from South Africa

From Michael Hornsby, Johannesburg

The sale by Barclays Bank of its remaining 40.4 per cent share in Barclays National, South Africa's biggest commercial bank, is seen as probably only the first of a number of moves for British disinvestment.

Britain is by far the biggest foreign investor in South Africa, accounting, it is estimated, for about 45 per cent of all foreign investment. There are about 130 companies here in which British interests have holdings of more than 50 per cent, and about 45 with holdings of less than 50 per cent. The value of British investment in South Africa is put by British sources at some £6,000 million. Two years ago, it was estimated at £11,000 million, but the decline is mainly due to the depreciation of the rand. By contrast, American investment now stands at only \$1,300 million (£896.5 million).

Barclays is the first major British company to withdraw from South Africa and banking and Government sources expressed concern yesterday that its example could encourage other companies to follow suit.

If that were to happen, it would follow the pattern of American disinvestments which increased sharply after General Motors announced last month that it was selling its operation in South Africa to local interests.

The main concern is that further significant disinvestment by British companies, coming on top of the growing American corporate retreat, would increase the drain of foreign capital from South

Africa. Historically, foreign capital has provided about 20 per cent of net fixed investment.

Without foreign capital, economists consider South Africa has little chance of generating the real economic growth rate of between 3.5 and 4.5 per cent a year that is needed just to contain unemployment at its present level, estimated at more than 30 per cent among blacks.

"I think disinvestment slows down the rate of (political) change, and I think it affects the creation and retention of jobs in the country. There is less money available to do the things that need to be done. It is a matter for concern," Mr Basil Herscov, the chairman of Barclays National, said yesterday.

Barclays Bank has sold its remaining 40.4 per cent holding to a local consortium consisting of the Anglo-American Corporation, South Africa's biggest mining and industrial conglomerate, and two of its affiliated companies, De Beers Consolidated Mines Limited and The Southern Life Assurance Limited.

Anglo, De Beers and Southern Life now hold 55 per cent of the shares in Barclays

National. The bank's managing director, Mr Chris Ball, insisted yesterday that there was "no threat" to the jobs of its 25,000 employees, 5,238 of whom are black, mixed-race Coloured or Asian.

The most immediate change the bank will undergo is a change of name. It was agreed last year, when Barclays Bank allowed its holding in South Africa to fall from 50 per cent to 40.4 per cent by waiving its entitlement to a rights issue, that the name should be changed by 1990. This will now be done next year.

The political pressure that Barclays Bank was under to quit South Africa is reflected in the fact that it was prepared to accept a price of only 18 rand (£5.2) for each of the 29,276,070 shares it held in Barclays National, well below their current price on the Johannesburg Stock Exchange of 23.50 rand.

In addition, the sales proceeds of some 327 million rand—nominally worth about £165 million at the current commercial exchange rate—can only be taken out of the country at the special "financial rand" rate which is designed to discourage disinvestment. At present, the value of the financial rand is about half that of the commercial rand.

One effect of channelling capital flows through the financial rand pool is that they have no immediate impact on South Africa's balance of payments or foreign exchange reserves. The sales proceeds will remain in the pool until Barclays Bank can find buyers who wish to invest in South Africa.



The managing director of Barclays National, Mr Chris Ball, announcing the sale yesterday.

Lobbyists claim a victory

By Nicholas Beeston

Anti-apartheid groups and pro-sanctions church organizations yesterday claimed that the decision by Barclays to withdraw from South Africa amounted to a significant victory for the disinvestment lobby in Britain.

The president of the Anti-Apartheid Movement, Bishop Trevor Huddleston, claimed the Barclays decision was largely the result of 17 years of active lobbying against the company, the largest British investor in South Africa.

"It is an event of great significance and I think other companies are certain to follow," he predicted. He said efforts would now be directed against other multinational companies, especially BP and

Shell. He also warned Barclays that it would continue to be a target for anti-apartheid activists because of its loans to South Africa, which amounted to £766 million last year.

"I would advise all public bodies to indicate very clearly that, although they are relieved by the Barclays decision, they are still not prepared to use their services until it has withdrawn completely."

Similar reaction is expected from other pro-sanctions bodies, such as Oxfam, the End Loans to South Africa campaign, the Catholic Fund for Overseas Development, Christian Aid and the British Council of Churches.

A spokesman for the British

Council of Churches claimed that the Barclays move was the "response to that lengthy campaign for disinvestment" and anticipated that the lobbyists would now focus on multinationals with investments in South Africa who were vulnerable to a consumer boycott.

In spite of the Barclays decision, a spokesman for the UK-South Africa Trade Association said that bilateral trade appeared to have increased in the last few months.

Its executive director, Mr Nicholas Mitchell, said: "I don't think that there will be any great movement towards disinvesting in Britain because of the Barclays decision, because it is slightly different from the others."

WORLD SUMMARY

Druze warning for Palestinians

Sidon - Palestinian guerrillas yesterday captured a strategic hilltop village from the Shia Muslim Amal militia after fierce fighting in which some 40 people were killed (John England writes).

The assault launched from the Miyeh-Miyeh and Ein el Hilweh refugee camps gave the guerrillas control of Magdoushe, just south of Sidon, from where Amal artillerymen had been bombarding the camps since Friday.

But as the guerrillas strengthened their position, Mr Waleed Jumblatt, the Druze leader of the Progressive Socialist Party, sided with Amal and vowed to prevent the return of Palestinian forces to Lebanese soil.

"The road to the liberation of Palestine does not go through Magdoushe," he declared angrily. © Damascus - Mr Jumblatt's declaration came after he met Syrian officials, including Vice President Abdul-Halim Khaddam, Syria's main expert on Lebanon, in Damascus yesterday (AP reports).

England in chess lead

Dubai - By crashing Bulgaria 3-1, England has retained a clear lead after nine rounds of the World Chess Olympiads here (Raymond Keene writes).

John Nunn drew with Kiril Georgiyev, Nigel Short beat Ventsislav Iakov; Murray Chandler drew with Peter Velikov and Jon Speelman beat Krum Georgiyev.

England now has a tournament total of 26½ points, ahead of the US on 24½ points plus one adjourned game; the Soviet Union has 24½ points, while Hungary has 23½ points plus one adjourned game. In the Hungary-US match the American top board Seirawan has adjourned with the advantage against Lajos Portisch.

Of the top teams, England now only has to meet Czechoslovakia. With at least a one point lead and only five rounds remaining to be played, England's chances of a first-ever team gold medal have substantially increased.

Long jail Briton to terms call

Bonn - A prosecutor in West Berlin yesterday demanded long sentences for two Jordanians accused of a bomb attack that they said was supported by Syria (John England writes).

The prosecutor, Herr Detlev Mehlis, called for 14 years for Ahmed Hasi, aged 35, the brother of Nezar Hindawi, the Heathrow El Al bomber, and 13 years for Faruk Salameh, aged 40. Both are charged with attempted murder in bombing the German-Arab Friendship Society's centre in West Berlin on March 29, injuring nine people.

US delays \$300m aid

San José - Four US allies in Central America are annoyed by the Reagan Administration's failure to deliver a \$300 million (\$212.7 million) economic aid package, promised as a trade-off for their acquiescence to new American funds for the Nicaraguan rebels (Martha Honey writes).

After several months of confusion, State Department officials and congressional aides have confirmed that the extra money, pledged to Costa Rica, Honduras, Guatemala and El Salvador, is no longer available. The Administration had proposed, and Congress endorsed, the \$300 million aid package as a balance to the \$100 million in military and "humanitarian" aid to the Nicaraguan Contras.

Crewmen Protest at shooting

Madrid - The British captain of a two-masted yacht, the Kommetos, and his crew of three arrived safely but exhausted at the Spanish port of Alicante yesterday after an ordeal in large seas in which their vessel was damaged and eventually sank (Harry Debelius writes).

Captain Joku Hand, aged 39, and his crew, all from Chichester, were picked up by a Spanish tug boat off the Alicante coast after they sent out distress signals.

Oil slick exposes East bloc failure on river pollution

Warsaw - A large, potentially dangerous oil slick, oozing up the Oder river from Czechoslovakia into Poland, has exposed new flaws in the pollution control system of the Soviet bloc and irritated relations between Prague and Warsaw.

Special anti-pollution units have managed to rid the river, which flows some 80 miles through the Czechoslovak industrial heartland into Poland, of the most damaging waste, scooping up the old fuel oil and burning it in canisters on the banks of the Oder, known as the Odra in Poland. But there is a nagging risk to water supplies. It would, officials admit, be disastrous if the heavily polluted waters entered the food production cycle.

Workers built barriers - compressed by supported by empty barrels - around a sugar plant and at several other points in the river which feeds into the Silesian industrial centres and runs into the Neisse (Nysa in Polish) forming the Polish-East German border and from there into the Baltic.

But the same kinds of questions that followed the Chernobyl nuclear accident earlier this year are being posed again, this time with considerably more candour. Why did the Czechs take so long to inform the Poles of the spillage? Why were so few precautions taken? Why cannot Comecon, the Soviet trading bloc, not agree on a system of compensation for cross-frontier pollution?

The Oder crisis has significant parallels with the recent ecological disaster in the Rhine, but with one important

difference: there are no dead fish floating up the Oder. Marine life was killed long ago, destroyed by spillage after spillage. The chronology of cross-frontier pollution is revealing as an example of how poor communications can be between two Soviet bloc allies. On November 11, the water

The Hague (Reuter) - Acid weedkiller that leaked into the Rhine in West Germany is expected to reach The Netherlands today and scientists will conduct tests to see if water for drinking can be safely drawn from the river; a waterways spokeswoman said yesterday. Two tonnes of herbicide entered the river on Friday after a breakdown in a cooling system at a chemical plant Ludwigshafen. Two West German states told waterworks to stop using the Rhine to process drinking water.

supply expert of the Katowice province in Silesia received a cable from the Institute of Water Economics in Ostrava on the Czech side of the border. It said that there had been a spillage but it was being brought under control; a routine message. But by noon the next day Polish waters were black and sticky. The Polish Consul in Ostrava has still not



been informed of anything, though the Czech press and Western radio stations were broadcasting the news.

The spillage had come from a cement works in Ostrava on November 9, but the Poles were not officially informed until almost a week later. The Poles calculate that the slick contains some 50 tonnes of fuel oil.

The Czech side of the border is heavily industrialized with a steelworks and mines, and the pollution is so intense that the Poles have problems developing their own industry.

The Czechs have promised to build water-purification plants, but pollution does not seem to be a top priority for the Czechs. Care of shared rivers within the Soviet bloc has been defined by a network of legislation, including a treaty with Prague in 1958, with Moscow in 1964 and with East Berlin the following year.

But though the matter has been taken up at Cabinet level, neither Czechs nor Poles can reach an agreement on how these treaties should be implemented. The Czechs refuse to take daily samples of water, saying that monthly ones are sufficient, and have not established automatic sampling stations because of the cost.

Poland wants Comecon to draw up rules which would provide for compensation, arbitration of disputes and lists of forbidden emissions. The Czechs have opposed these moves.

The result of this deadlock could be seen last weekend. Firemen and civil defence workers clustered around foul-smelling canisters burning off, pound by pound, ton by ton, the latest gift from Poland's neighbours.

Man Friday. Saturday, Sunday, Monday, Tuesday, Wednesday, Thursday.

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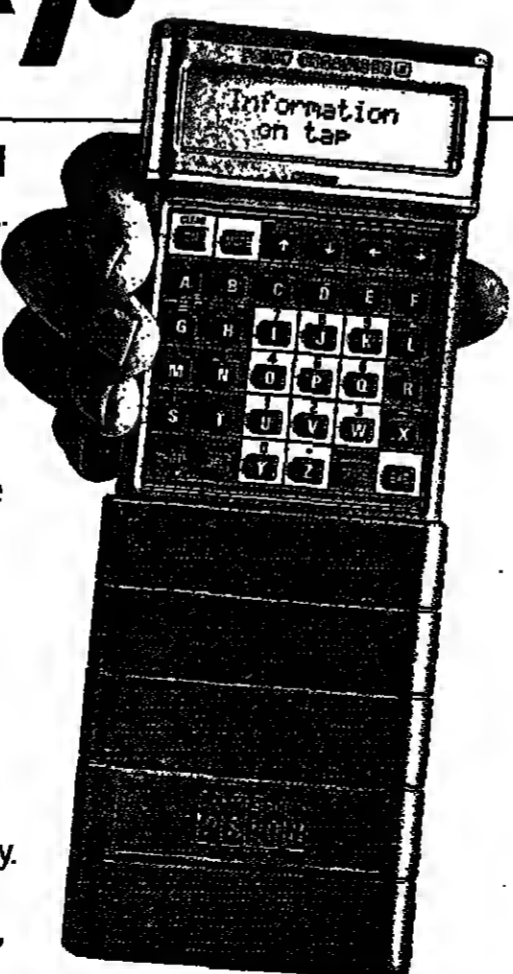
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COMMENTARY



Geoffrey Smith

The other day I went to see Governor Michael Dukakis of Massachusetts, one of the most successful Democratic governors. He is considering running for President in 1988 and told me he will make a definite decision by about the end of next February.

At this stage he cannot be regarded as more than a long shot. He is interesting, however, not only for what he might become but also for what he represents in the Democratic Party today.

He was elected earlier this month by a massive majority to his third term as Governor. After his first term, from 1974 to 1978, he was defeated in the primary by a fellow-Democrat — possibly for being too liberal and also certainly for being too nonchalant — before recovering the office in 1982.

But the Dukakis of his second term is apparently a different politician from the earlier Governor. The reflex liberal has evidently given way to the pragmatist, to the man whose deeds are more arresting than his words. It is a progression that reflects the movement of opinion within the party.

The more the Reagan Administration becomes embroiled in the Iranian arms deal the better chance the Democrats ought to stand of recovering the White House in 1988. But they are a party in transition.

They had in Walter Mondale a candidate in 1984 who represented the old politics of a coalition of interest groups

Party struggling to be born

and liberal causes, of labour unions and big government. It looked like the last fling of the Democratic Party of Roosevelt, Truman, Kennedy and Johnson.

But there was at the same time another Democratic Party struggling to be born, represented by Gary Hart. This is a party whose core group consists of young professional people, insubling for the future rather than celebrating the past, eager for opportunity and impatient with traditional ties.

Mr Hart failed then partly because he was not adequately prepared, and therefore failed to articulate their aspirations sufficiently precisely, but also partly because he was before his time. The constituency to which he appealed is important, but it was not then and probably is not now enough by itself.

To be successful the Democrats need to retain the loyalty and enthusiasm of their traditional support while reaching out to those voters who pride themselves on not being traditional.

The claim made for Governor Dukakis is that he straddles these two wings of the party. Listening to him saying that he stood, above all, for economic opportunity for every American citizen, I was not impressed. It was too vague, too generalised. He said little to distinguish him from any other potential presidential candidate in either party.

One notable exception

The one notable exception was on trade protection, which he claimed that he would resist more strongly than the present Administration, while concentrating on policies to develop the competitive efficiency of American industry.

As the Reagan Administration has rather a good record in this field and as there is a strong protectionist tide flowing in the Democratic Party, this was a significant commitment.

But if he does decide to run for President he will need to develop more themes in greater depth. Otherwise he will be in danger of being written off as one of nature's vice-presidents.

But Governor Dukakis has a number of advantages as well. Prosperity in Massachusetts has increased dramatically under his governorship.

A Democrat who speaks, even if imprecisely, of opportunity in the language of the young professionals and can at the same time claim to enjoy good relations with the unions should have attractions for both wings of the party.

He looks younger than his 53 years, is personable and energetic. He should come over well on television once he has worked out more clearly exactly what he wants to say.

If there is to be a surprise in the first Democratic primary of 1988 in New Hampshire, the Governor of the neighbouring state of Massachusetts should be in a better position than most to spring it, and what a springboard that could be.

Reagan aide denies changes at top

From Michael Binyon Washington

Despite the mounting pressure on President Reagan from his friends, especially his wife, to sack several of his top aides over the Iran affair, Mr Donald Regan, the White House Chief of Staff, insisted yesterday that he would not resign, and said he did not think there would be any changes in President Reagan's top staff this week.

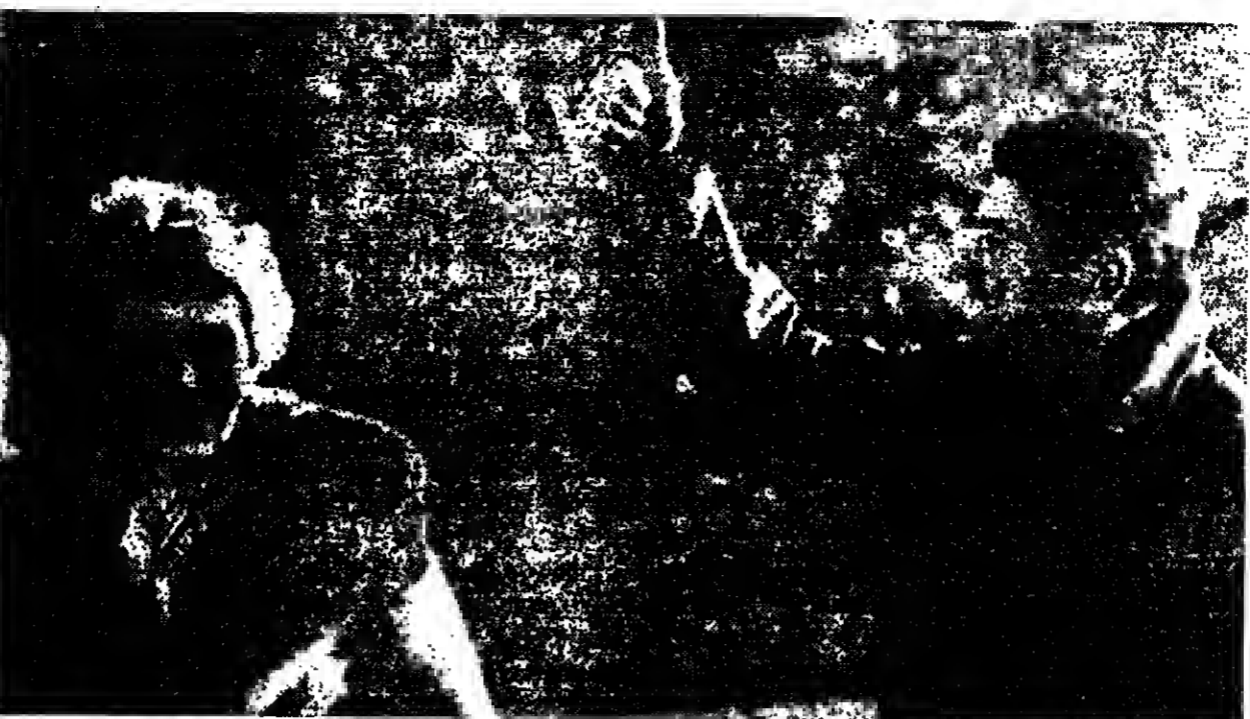
Mr Regan said on television: "I'm not considering resigning. I serve at the pleasure of the President. When it's time for me to go, we'll talk about it. But I don't think this is the time."

Criticism continued to mount yesterday of Mr Regan and also of Mr George Shultz, the Secretary of State, whose aloofness is being described as failure to support the President at a time of crisis.

White House officials insist that Mr Shultz knew more about the arms shipments than he acknowledged, but decided not to fight against the President's decision and allowed senior State Department officials to remain in the dark.

In an unusually sharp attack on Mr Shultz, Senator Robert Dole, the outgoing Senate Republican majority leader, said he was having difficulty supporting Mr Reagan's decision because "it's fairly difficult when the Secretary of State is not doing anything".

An aide suggested that President Reagan might be losing



President Reagan and Mrs Nancy Reagan arriving at the White House after spending the weekend at Camp David.

patience with Mr Shultz over his attitude. Mrs Nancy Reagan is reliably said to be furious with the way her husband's top officials have failed to protect him.

Long influential in the selection of senior White House staff, she is said to be pressing for the dismissals of Mr Shultz, Mr Regan, and Admiral John Poindexter, the National Security Adviser.

Mrs Reagan's press secretary said she was "troubled" and "hurt". A family friend

said: "They feel betrayed and stunned. This was supposed to be the tight team of loyalists, and instead of taking the bullet for the President, they left him nut dangling."

Senator Dole, echoing the calls for White House dismissals, said: "Right now they ought to circle the wagons — either that, or let a couple of the wagons go over the cliff."

Congress has particularly criticized statements by Mr Regan in which he compared his job to that of a "shovel

brigade" cleaning up after a parade.

Congressmen and the press have accused him of failing to understand the seriousness of the situation, and treating the calls for a public relations exercise. Mr Regan also said: "When was it that took this disinformation thing and managed to turn it? Who was it took on this loss in the Senate and pointed out a few facts and managed to pull that? I don't say we'll be able to do it four times in a row."

But here we go again, and we're trying."

The Democrats, sensing the public anger over Iran, drew up a fiercely worded resolution at the weekend, accusing the Administration of duplicity, cover-up and "dangerous double-speak". The party's national committee said: "Our position in the world has been weakened, our credibility on the issue of terrorism is now virtually non-existent, and other American lives have been put at risk."

Israelis to keep any deals with Iran secret

From Ian Murray Jerusalem

Only a special sub-committee will be given in secret any details there may be of Israeli arms dealings with Iran, Mr Shimon Peres, the Foreign Minister, told the Knesset's foreign affairs and defence committee yesterday.

Summoned before the committee to explain what the Government was doing in relation to any deals, Mr Peres refused to give any evidence. But he did give a strong pointer to the fact that deliveries had been made. If there were any deals, he said, they were so small that they could have had no possible effect on the Gulf War.

In refusing to give any details to the committee, Mr Peres was following the secret line already laid down by Mr Yitzhak Shamir, the Prime Minister, who has stuck resolutely to the traditional Israeli government position that it never discusses arms deals.

If deliveries have been made to Iran, it is probably only known within the Cabinet to Mr Shamir, Mr Peres and Mr Yitzhak Rabin, the Defence Minister.

Meanwhile, there is growing concern here that grassroots opposition in the United States to the Iranian arms deal will rebound against Israel's interest.

French to send 'ring of light' into space

Paris (Reuters) — European space authorities are planning to put a ring of light, visible throughout the world, into orbit in 1989 to mark the centenary of the Eiffel Tower.

The half-tonne package will be launched from an Ariane rocket. It will inflate in space to form a string of 100 reflectors linked by narrow plastic tubes and will have a circumference of 15 miles.

Spain boom

Madrid (Reuters) — Foreign tourists spent £6.4 billion in Spain during the first nine months of this year, an increase of almost 50 per cent over the same period of 1985.

Priests held

Maputo (AFP) — Rebels of the Mozambique National Resistance have kidnapped three Portuguese Jesuit missionaries and 18 children.

Demirel clear

Ankara (Reuters) — Mr Suleyman Demirel, the former Turkish Prime Minister, was acquitted of defying a ban on involvement in party politics.

Sikh shooting

Chandigarh (Reuters) — Suspected Sikh extremists shot dead the son of a Punjab police chief on a university campus in Amritsar.

Brussels braced for tariff war with US

From Andrew McEwen Diplomatic Correspondent Brussels

Pessimism clung like Brussels fog yesterday to the man changed with keeping Europe out of a tariff war with the United States. A sombre Mr Willy de Clercq, the EEC Trade Commissioner, briefed the foreign ministers of the Twelve on what he called "painful and difficult negotiations" with the Reagan Administration.

Washington will block EEC exports worth \$500 million (£352 million) next year if the talks fail.

"Success" would consist of a formula to buy off American complaints that its farmers lost exports to Spain and Portugal as a result of protectionist EEC farm policy.

The US has demanded compensation for \$500 million worth of sorghum and corn which it exported annually to the two countries before they joined the EEC.

"It is a very difficult situation and we cannot exclude the possibility that the talks

will end in failure," Mr de Clercq said. Washington had made it quite clear that the December 31 deadline was firm, he added.

While still hoping for success, all member states had agreed on a contingency plan for failure.

The EEC would match any American sanctions with counter-action.

Mr de Clercq said that Britain had indicated its support for such measures.

The foreign ministers, under the presidency of Sir Geoffrey Howe, the Foreign Secretary, gave Mr de Clercq full backing to keep talking.

A top US delegation, including probably Mr George Shultz, the Secretary of State, and three other Cabinet members, is due to visit the Commission on December 12.

If agreement looks possible, the formula is likely to be approved at the last foreign ministers' meeting under UK presidency on December 15.

The US has based its claim on the fact that the tariffs that Spain and Portugal applied to American agricultural exports were fixed under the rules of the General Agreement on Tariffs and Trade (GATT).

The tariffs increased automatically to the higher EEC levels when the two countries joined the European Community. Washington contends it is entitled to compensation under the GATT rules.

American officials in Brussels said yesterday the Commission had indicated it would not pay direct compensation, but would indirectly achieve the same result by adjusting tariffs on a range of US industrial and farm exports.

The principle of indirect compensation had been admitted, and the question was how it should be achieved.

Sainsbury's present Scrooge-like prices on biscuits and chocolate. (Not humbug.)



£8.75 £8.55 Quality Street 5lb Tin (including wraps)

Sainsbury's Continental Snack Assortment 150g	39p
Sainsbury's Beanies 170g	59p
Rowntree's After Eight Mints 206g	95p
Sainsbury's Milk Chocolate Balls 160g	99p
Ferrero Rocher 200g	£1.49
Sainsbury's Family Selection 454g	£1.85 £1.75
Sainsbury's Plain Chocolate Apricot Creams 227g	£1.95
Petits Fours by Sainsbury's 240g	£2.09 £1.89
Sainsbury's Biscuits for Cheese 1kg tin	£2.55
Rowntree's Black Magic 454g	£2.59 £2.49
Cadbury's Milk Tray 454g	£2.49
Huntley and Palmer Luxury Selection Biscuits 1kg tin	£3.95



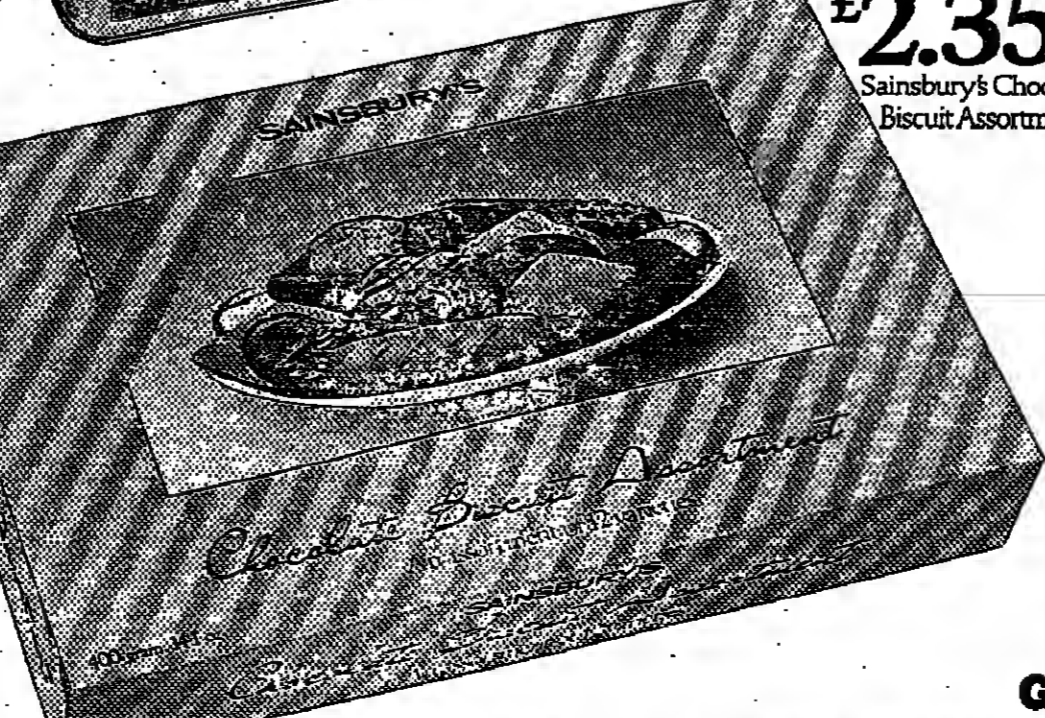
£2.09 Sainsbury's Assorted Biscuits 1kg tin



82p 75p After Dinner Mints by Sainsbury's 150g



75p Sainsbury's Lebkuchen 300g



£2.35 Sainsbury's Chocolate Biscuit Assortment 400g



£1.15 Sainsbury's All Butter Highland Assorted Shortbread Rounds 450g

Good food costs less at Sainsbury's.

ALL MERCHANDISE IS SUBJECT TO AVAILABILITY. SOME LINES ARE AVAILABLE AT LARGER BRANCHES ONLY. ALL ADVERTISED PRODUCTS HAVE BEEN ON SALE AT WINDSOR ROAD, SWSB AT THE PREVIOUS PRICES SHOWN, BUT NOT NECESSARILY FOR A PERIOD OF AT LEAST 28 DAYS WITHIN THE LAST 6 MONTHS.

Ex-minister plays waiting game after Philippine 'coup' attempt

Spokesmen for Aquino and Enrile trying to keep lid on latest crisis

From David Watts, Manila

Filipinos were treated to the spectacle yesterday of the presidential spokesman describing in some detail a plot cooked up by men with links to the former Defence Minister...

ers to be communist, incompetent or corrupt, a tougher stance on insurgency, removal of some regional officials...

ing Mrs Aquino to make changes.

No one is saying in public what the agreement is, but Mr Enrile appears to be playing a waiting game to see if Mrs Aquino will satisfy the demands...

The change from a purely revolutionary Cabinet was bound to come sooner or later, but Mrs Aquino seems to have been incapable of seeing the need until it was pressed on her...

The new Philippines Defence Minister said yesterday that his country is lucky to have American bases on its soil...

no's visit to Tokyo but the murder of Mr Rolando Olalia, leader of the left-wing People's Party...

Faced with these demands from the reform officers and combined with a Defence Minister enjoying strong support in the regions...

By Saturday it appears a deal had been struck with General Ramos, no longer purely playing the role of middleman...

Both were partly right and both were trying to put the lid on yet another Philippines crisis to prevent it boiling over.

The official spokesman, Mr Teddy Benigno, was trying to depict President Aquino, fully in control of events, parting company with her Defence Minister on the warmest terms...

The weekend's bizarre events had their roots in a series of demands put to the President by Mr Enrile via General Fidel Ramos, the armed forces chief...

The demands included the removal of several Cabinet ministers the military consid-



Mr Nicanor Yñiguez, former Speaker of the Philippines National Assembly, answering questions yesterday.

Bomb in bus kills two

Manila (AFP) - Two people were killed and 13 were wounded when a bomb exploded in a bus in the southern Philippines on Saturday.

to leave the bus terminal in Tagum town, Davao del Norte province, 546 miles south of Manila.

Investigations were being conducted to determine whether the bomb was the work of communist insurgents.

Armstrong will tell closed court about KGB defector

From Stephen Taylor, Sydney

The M15 book case is expected to go into closed session today after Sir Robert Armstrong, the Cabinet Secretary, declined yesterday to answer questions in open court...

At the same time, counsel for the British Government foreshadowed that they would cite grounds of "public interest immunity" in continuing to resist producing background documents...

Allegations against Sir Roger made by Mr Peter Wright, whose book is the subject of the present injunction hearing in the New South Wales Supreme Court...

Mr Malcolm Turnbull, counsel for Mr Wright, had referred to the deflection in 1985 of Mr Oleg Gordievsky, then the KGB station head in London...

Mr Turnbull asked: "Given the uncertainty surrounding Sir Roger Hollis, given your concern about him, why has your Government not released the information Gordievsky gave you about Hollis?"

Sir Robert replied: "I am not prepared to answer any more questions about this in open court."

Mr Justice Powell and counsel for both sides then agreed that the court would go into closed session today and possibly tomorrow, in which time Mr Turnbull is expected to wince up his grumbling cross-examination of Sir Robert.

Earlier, Mr Turnbull suggested that the "treachery or otherwise of Sir Roger Hollis is likely to be one of those great historical conundrums which are forever debated and forever unresolved."

Sir Robert replied: "As the Prime Minister said (in the Commons statement), it is impossible to prove innocence. It is possible further information will come to light which would prove guilt."

Was it not time, Mr Turnbull asked, for the Hollis issue to be put on the shelf of history like another one-time sensitive subject - the Bletchley codebreaking operation of World War II - and to let the participants speak their minds in their own names?

Sir Robert: "They are under a duty of confidentiality not to."

At the start of the day's hearing Mr Turnbull returned to the subject of Mr Chapman Pincher, whose book, 'The Trade is Treachery', was written with Mr Wright's assistance...

Mr Turnbull said among the documents he would be calling for under an authorizing court order was the M15 file on Mr Pincher, who the defence claims was used by official sources to release sensitive information.

An earlier book by Mr Pincher titled 'Inside Story' was produced by Mr Turnbull, who said it listed eight instances in which Mr Pincher had cooperated with intelligence or official sources...

Mr Turnbull asked Sir Robert if he knew anything about a meeting late in 1980 between Mrs Thatcher and Lord Rothschild, a senior Tory Party adviser said by the defence to have been involved in the publication of 'Their Trade is Treachery'...

Sir Robert said he had no knowledge of such a meeting. Of the investigations announced by Sir Michael Havers, the Attorney-General, into disclosures made by a number of former M15 officers in breach of their duty of confidentiality...

Mr Theo Simos, QC, for the Government, produced a list of the documents which the defence may claim access to under an order granted by Mr Justice Powell two weeks ago...

Mr Turnbull said among the documents he would be calling for under an authorizing court order was the M15 file on Mr Pincher...

Mr Turnbull said among the documents he would be calling for under an authorizing court order was the M15 file on Mr Pincher, who the defence claims was used by official sources to release sensitive information.



Mr Malcolm Turnbull: he is "appalled" by objection.

Contradictions of Saudi Arabia

Nation of stonings and space travel

By Alan Hamilton

Last week's visit by the Prince and Princess of Wales to Saudi Arabia highlighted the contradictions of this secretive giant, torn between the tenets of Islam and the lure of the 21st century...

The paradox is both social and political: the first illustrated by the treatment of the Princess in being excluded from all official banquets, and the second by the strange affair of the missing Crown Prince Abdullah...

Women remain severely repressed by Western standards. They are not allowed to drive, and may not even get into a car with a strange man unless chaperoned.

Although they can freely take up higher education and follow professional careers, they cannot attend a university lecture given by a man and are obliged to watch it on closed-circuit television.

Many women still leave their houses veiled entirely in only to God.

Official documents also take care to state that the cornerstone of foreign policy is the eventual recovery of the third holy shrine of Jerusalem.

Contrasting cultural backgrounds are evident even within the inner circle of the royal family of al-Saud, who rule the country as an absolute but relatively benevolent monarchy...

His absence last week, supposedly at a Swiss clinic until he was unmasked in a luxury Las Palmas hotel...

black, making crossing the road hazardous as they peer through the material. Officers go with their heads uncovered, but any suggestion of a bare arm or leg is likely to earn them a severe reprimand from the religious police.

Western residents of Riyadh say that, although executions are now rare, there are occasional reports - never published in the newspapers - of stonings for adultery, the victim being whichever party to the liaison was the married one.

The guilty party is permitted to try to escape by wriggling free from the pit, and if successful - it is said that very few are - is pardoned, for it is then regarded as the will of Allah that they should go free.

The position of Saudi Arabian women appears not to have progressed in the last 10 years, and may even have become more restricted, an indication of the powerful influence of the religious leaders of the Wahabis...



Prince Abdullah: known as a traditionalist.

BRITISH COAL. THE RIGHT CHEMISTRY FOR ICI

The giant ICI company has recently embarked on an imaginative conversion to coal programme in the UK. When completed, ICI will burn well over one million tonnes of steam coal per year...

The bulk chemical plant at Lostock in Cheshire was the first plant to go on stream and was closely followed by its sister site at Warrington. These installations have been followed by more recent conversions to coal firing at Huddersfield and the massive petrochemicals and plastics complex at Wilton, Teesside.

ICI attaches a great deal of importance to flexibility in its purchasing of fuels, and this investment in coal will ensure it can select the lowest cost sources of energy. The price of fuel oil is likely to be volatile for the foreseeable future while the price of coal will be much more stable for many years...

To run a business like ICI you need to plan ahead for a decade or more. ICI is confident that its investments in coal represent sound long term planning. British Coal is confident that it will be able to meet this demand at fully competitive prices.

Act now for real help with conversion costs

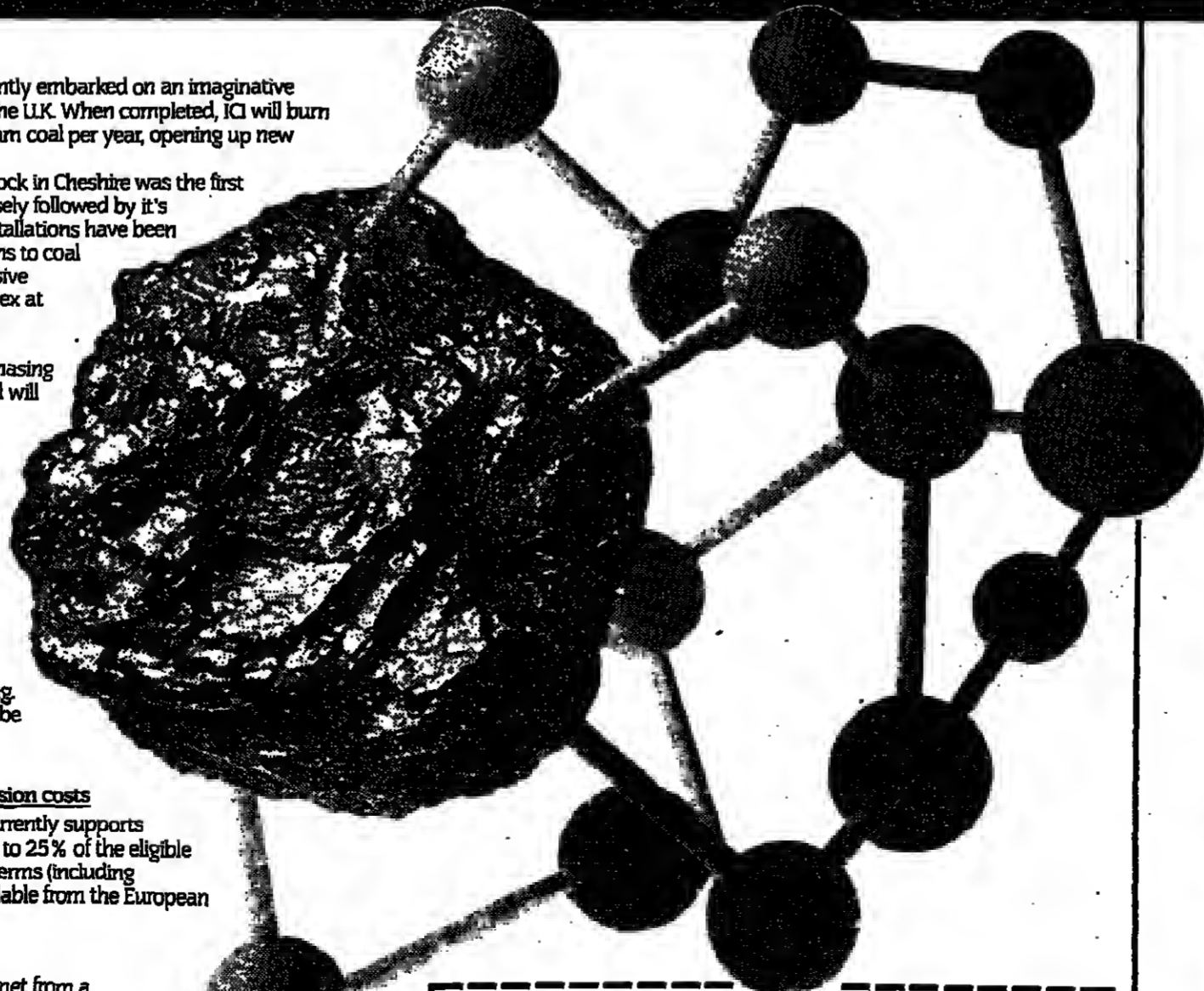
A Government Grant Scheme currently supports conversion to coal by providing up to 25% of the eligible capital costs. Loans at favourable terms (including deferred repayments) are also available from the European Coal and Steel Community.

The plant and the technology

Industrial requirements can be met from a comprehensive range of packaged or purpose designed units with a variety of boiler and furnace types and ratings, all backed by a British Coal free technical service. Modern coal plant is fully automatic with completely enclosed handling - a concept that meets both the economic and aesthetic needs of the UK's leading industrial companies.

A final word from Malcolm Edwards, British Coal's Commercial Director: 'No other source of energy can match British Coal's supply and pricing profile. The Government Grant Scheme, which isn't due to end until mid-1987, can make converting to coal one of the soundest investments your company has ever made.'

The time to talk is now.



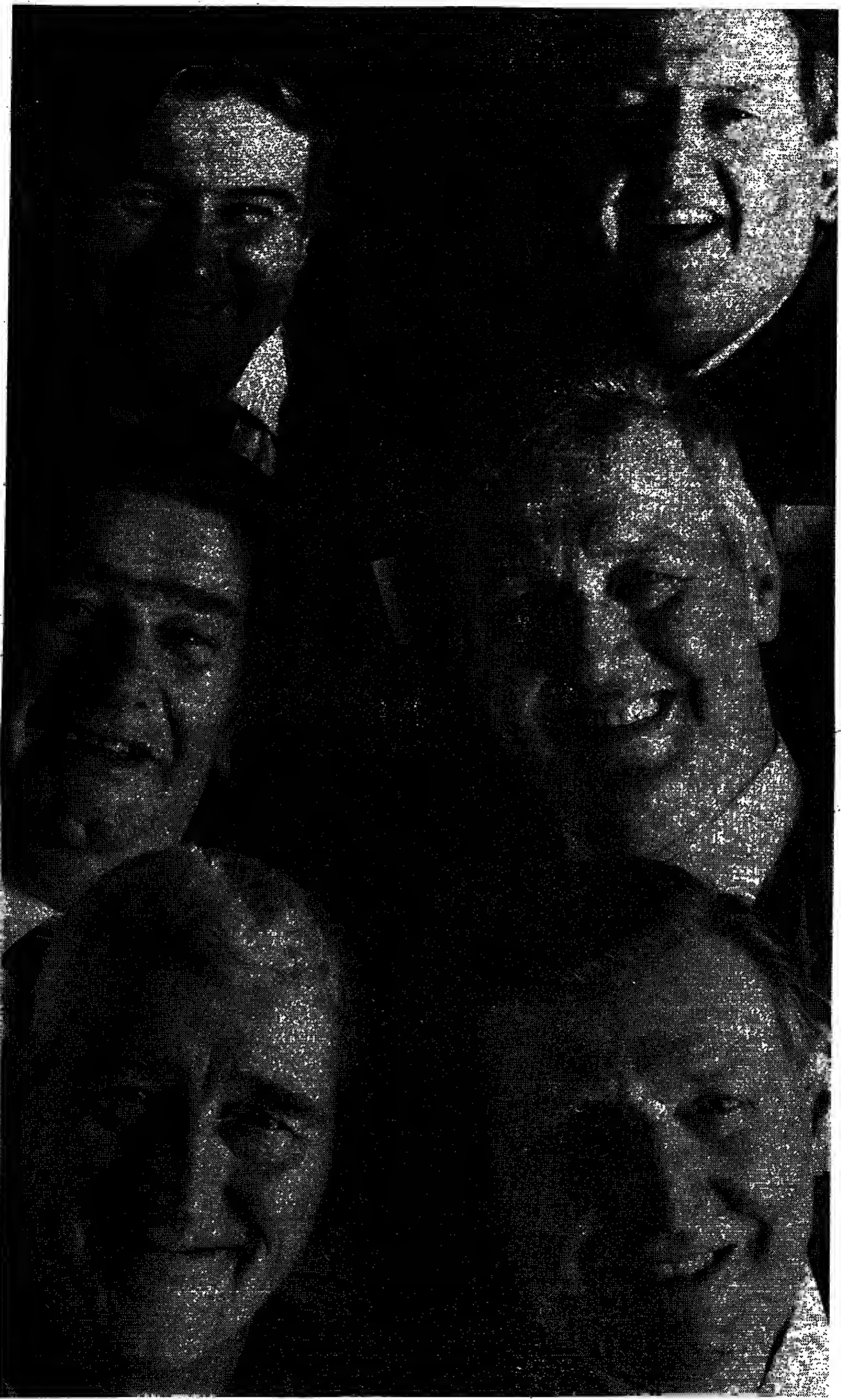
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Militant PLO slogans mark funeral of Arab moderate

From Ian Murray, Jerusalem

The body of a great Palestinian moderate, Mr Anwar Nusseibeh, was borne in sorrow and triumph through the streets of the Old City of Jerusalem yesterday to chants of support for the outlawed Palestine Liberation Organisation (PLO).

In his life he had been a great advocate of dialogue between Israelis and Arabs. In death he became a symbol of the militant Palestinian cause. His plain woollen coffin was carried through the streets of the city where he was once governor by young men chanting "Israel, no PLO, yes."

Israeli police, who had battled in the narrow streets only the previous evening against extremist Jews shouting "Death to the Arabs," kept discreetly out of the way. "With blood and spirit we will save Palestine, we will save Al Aqsa," chanted the youths as the coffin was carried up to the sacred enclosure where the Dome of the Rock and the Al Aqsa mosque crown the hill where Solomon's temple once stood.

Inside were gathered many friends and relatives of the dead man, who was a former Jordanian Defence Minister, ambassador to London and leading citizen of Jerusalem. Several had crossed over Jordan to pay their last respects before the coffin was lowered into the ground of the nearby Muslim cemetery.

Mr Shimon Peres, the Israeli Foreign Minister, paid his respect in a message to the family praising a man who recognized that "the future of our region lies in coexistence and peace".

Mr Teddy Kolkic, the Mayor of Jerusalem, told the city council that he had seen Mr Nusseibeh only last week, and he had then typically condemned the angry violence which has torn the city for over a week, following the arrest of three Arabs for the murder of a student from a militant bible college, built provocatively in the Muslim quarter of the Old City.

That violence reached a peak on Sunday evening when hundreds of supporters of the extreme nationalist Kach movement marched to the scene of the murder, demanding revenge and hurling abuse and stones at anyone they suspected of being an Arab.

As a result of the violence, several Arab families have fled from the Old City, while some near the bible college have been burnt out of their shops and apartments. An inter-racial fund has been set up to try to rebuild the damaged property and to supply food and blankets for those who have been chased away. The fund would doubtless have pleased Mr Nusseibeh more than his funeral procession.



The Pope kissing a baby after his arrival in Australia yesterday. The Pope, who is on a six-day visit, received the warmest welcome so far of his six-nation tour of Asia and the South Pacific (Reuter reports from Canberra).

At a government reception later, the Pope warmly praised Australia's achievements, but said that the country's four million Catholics must use their political influence to protect human rights.

"I hope that all Catholics, and all your fellow-citizens, will invite you by their voice and by their votes to ensure that nothing is done by the legislature to undermine these values," he told Mr Bob Hawke, the Prime Minister, and other political leaders.

Jews muzzled by fear of anti-Semitism

Concluding *The Times's* examination of South Africa-Israel relations, Michael Horsburg, in Johannesburg, looks at the moral and political dilemma faced by South African Jewry.

At its last National Congress in June 1985, the South African Jewish Board of Deputies adopted a resolution explicitly rejecting apartheid. Hardly a revolutionary gesture, it might be thought, but for the Jewish community here it was a historic milestone.

"Some may well argue that in using this word (apartheid), the board abandoned an established policy of not entering the political arena," Mr Alec Goldberg, the board's executive director, commented at the time, picking his words carefully.

But, he maintained, "apartheid" no longer has the same political connotations, and "although... the board came closer to the dividing line between politics and morality, it is very doubtful if it was crossed."

What he was saying, in effect, was that, as Pretoria itself now claims to have abandoned or to be moving away from apartheid, the Jewish community could safely risk being a little bolder in its criticism of what, at least formally, is no longer government policy.

The very tentativeness of this approach says much about the curious position of Jews in South Africa - socially and economically privileged caste within an already privi-

leged racial minority, yet still hounded by ancient fears of pogrom and persecution.

Most Jews here are unswerving in their support for the South African Government, which has been the victim of racial oppression for centuries, should be seen by most South African blacks as happily acquiescing in the maintenance of an overtly racist state.

Yet those who speak out are not popular. Rabbi Ben Isaacson has seen attendance at his synagogue in Johannesburg's wealthy Houghton sub-

urban dwindle sharply since he accused his co-religionists of regarding "racism as kosher so long as it does not apply to Jews".

Later last year, a small group of concerned, mainly younger, Jews met in a Johannesburg synagogue to launch Jews for Social Justice, with a manifesto opposing racism, police brutality and the use of the Army in black townships. Black groups welcomed the initiative, but fellow-Jews showed little support.

The number of Jews emigrated at the last census in 1980 was 117,963, representing 2.6 per cent of the country's 4,551,068 whites, who in turn accounted for 16.4 per cent of a total population then estimated at 27,700,000.

South Africa and Israel Part 2

Emigration is likely to have cut Jewish numbers somewhat since then.

Eighty per cent of South African Jews are Lithuanian in origin, a legacy of the mass exodus of Russian Jewry between 1881 and the First World War. There was a fresh influx from Germany in the 1930s, until further Jewish immigration was banned in 1937.

As a group they are close-knit, endogamous, and overwhelmingly English-speaking and urbanized (60 per cent live in Johannesburg alone). They are strongly Zionist, and more than four-fifths are Orthodox in their synagogue affiliation. They are prominent in commerce and the professions.

Many individual Jews, although mostly secular ones, have always opposed apartheid vigorously. They include today the likes of the opposition MP, Mrs Helen Suzman, and the civil rights lawyer, Mr Sydney Kentridge, as well as such figures as Mr Joe Slovo, of the outlawed South African Communist Party.

As a community, however, South African Jewry remains extremely cautious politically. It is often mistakenly said of Johannesburg's Jews that, while most of them vote out of habit for Mrs Suzman's Progressive Federal Party, they would be horrified if their votes actually put it into power.

Chief Rabbi Bernard Casper, who was born in Britain, is almost unknown outside the

Jewish community and is never seen on public platforms alongside the Tutus and the Boesaks, or white churchmen like the Catholic Archbishop, Mgr Denis Hurley, denouncing apartheid.

One reason for that is the absence of any black, Coloured (mixed-race) or Indian Jews in South Africa, whereas the Christian missionary churches have millions of non-white members who have exerted grassroots pressure for greater militancy.

Older Jews also remember that in the 1930s many of the founders of the present ruling National Party were open Nazi sympathizers. They fear that if they "rock the boat" politically they will arouse latent anti-Semitism, particularly among the new far-right organizations.

In the 1960s there was a period of tension after Israel voted in favour of economic sanctions at the United Nations. Pretoria retaliated by suspending for five years the transfer of Jewish monetary donations to Israel, and questions were raised about Jewish loyalty.

Since the Yom Kippur war in 1973, relations between Pretoria and Israel have been increasingly close. Israel has helped Pretoria keep abreast of developments in military technology. Many Afrikaners admire Israel's efforts to preserve Jewish culture and, as they see it, racial parity against an Arab majority.

Concluded

Jail ships set up as drug crisis worsens

From Christopher Thomas, New York

The "crack" crisis has brought New York's judicial system to the point of collapse. Two ferry boats are being converted into jails and extra judges have been drafted in, but with at least 600 crack-related arrests a month it will hardly make a difference.

Prosecutors are handling as many as 60 cases at once. The scenes in courtrooms are chaotic, with lawyers' desks barricaded beneath swaying mountains of manila folders stamped with large black letters "Crack". Prisoners sweat for hours in airless court cells awaiting their turn.

But, despite the purge, the epidemic rages from strength to strength, clearly out of control.

The drive against crack is different from anything else the police have tackled. Hundreds, perhaps thousands, of New Yorkers produce this potent form of cocaine in their kitchens, using ordinary household equipment.

Instead of pursuing a few big-time traffickers, police are seeking the dabbler who works from his own apartment. Mr Robert Silberman, chief assistant to Mr Sterling Johnson, New York's special narcotics prosecutor, said: "Trying to break a crack ring is like dealing with thousands of little ants."

A new anti-crack unit established last May has so far made 3,700 arrests. On a typical day in the state Supreme Court, defence and prosecuting attorneys scurry from court to court, juggling trial dates with each other under the bored gaze of judges and clerks. Delays are interminable; defendants can languish in jail for months.

New York police have been forced to release hundreds of suspects in recent weeks because the police laboratory could not produce an analysis in time for the required grand jury hearing. Plea bargaining is rampant, resulting in minor sentences for serious offences.

"Everybody is engaging in plea bargaining at a relatively early stage," Justice Leslie Soyder of the State Supreme Court said.

Several hundreds of millions of dollars are being spent by New York state to expand and improve its prisons and to build two new jails. New York City's prisons are at 104 per cent of capacity and there were riots last week at Riker's Island prison on the East River.

Governor Mario Cuomo has increased the number of criminal court judges and, with little effect, and the anti-crack police unit has just been increased to 200 officers.

People's Party chief likely poll scapegoat

From Richard Bassett, Vienna

A coalition between the Socialists and the conservative People's Party was in doubt yesterday as speculation gathered that Herr Alois Mock, the People's Party leader, would have to resign.

A rather shaken Herr Mock emerged from his party bosses' quarters after party bosses looked for a scapegoat for their party's disastrous performance in Sunday's Austrian general election.

From enjoying a lead of almost 6 per cent over the Socialists in the presidential election five months ago, the People's Party fell more than 2 per cent behind the Socialists.

Herr Mock's presence is unlikely to have been caused by the overwhelming success of Herr Jörg Haider, whose ability to attract nationalist right-wing voters from both main parties to his Freedom Party was woefully underestimated by Herr Mock.

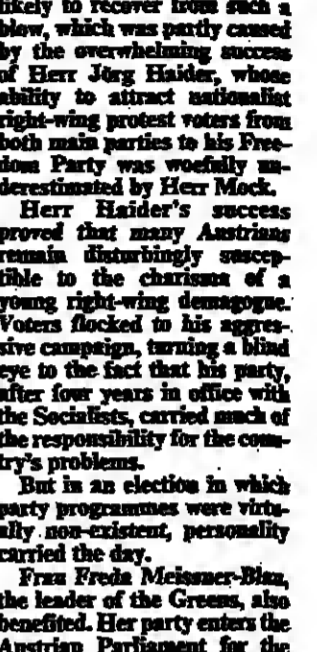
Herr Haider's success proved that many Austrians remain disturbingly susceptible to the charisma of a young right-wing demagogue. Voters flocked to his aggressive campaign, turning a blind eye to the fact that his party, after four years in office with the Socialists, carried much of the responsibility for the country's problems.

But in an election in which party programmes were virtually non-existent, personality carried the day.

Franz Freda Meisner-Bian, the leader of the Greens, also benefited. Her party enters the Austrian Parliament for the first time.

According to provisional results published yesterday, the Socialists won 43.33 per cent of the vote and 80 seats (47.6 per cent and 90 seats in 1983). The People's Party won 41.29 per cent and 76 seats (43.2 per cent, 81 seats). The Freedom Party received 9.72 per cent and won 18 seats (4.98 per cent, 12 seats).

The Greens polled 4.63 per cent and 9 seats (1.90 per cent, no seats).



Herr Haider: his charisma drew major party votes.

'Arafat's daughter' to get out of Sweden

From Christopher Mosey, Stockholm

The deputy head of the Palestine Liberation Organisation office in Stockholm, Miss Hala Salameh, aged 27 and known as "Arafat's daughter" because of her close links with Mr Yasser Arafat, the PLO leader, last night agreed to leave Sweden before the end of the month.

Miss Salameh had at first refused to leave the country, denouncing as "a campaign of libel" claims by the Stockholm Government that information collected by Sweden's security police (Sapo) linked the PLO office with suspected terrorists living in the country.

Miss Salameh, however, changed her mind after talks last night between Dr Eugene Makhlof, the PLO office chief, and Mr Pierre Schori, the Foreign Ministry's Permanent Under-Secretary.

As the row over the activities in Sweden of the PLO deputy came to a head, it was revealed that a senior Swedish diplomat, Mr Bert Carlsson, had travelled to Tunis for several secret meetings.

It is believed he confronted Mr Arafat with Sapo intelligence, including a report that Miss Salameh had helped Abu Nidal terrorists by providing them with false identity papers and passports and that Abu Nidal had established numerous "cells" in Sweden to carry out operations against US and Israeli interests elsewhere in Europe.

The journey to Tunis was an attempt by the Socialist Government - which has always had good relations with Mr Arafat - to stop Sweden being used as a "safe base" by Arab terrorists.

South Africa and Israel Part 2

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ENTERTAINMENTS

<p>CONCERTS</p> <p>BARBARAN HALL 628 8700/8308 7:30pm-9:30pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p> <p>ROYAL FESTIVAL HALL 01-222 5121. CC 528. 8:00pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p> <p>ROYAL FESTIVAL HALL 01-222 5121. CC 528. 8:00pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p>	<p>LES LAISSONS Theatrical Unit of the Royal Shakespeare Company. "Play of the Year".</p> <p>APOLLO THEATRE 437 2050 8:00pm. "The Last Days of Pompeii".</p> <p>ROYAL FESTIVAL HALL 01-222 5121. CC 528. 8:00pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p>	<p>THE ULTIMATE EXPERIENCE CLIFF RICHARD THE PORTRAIT OF "ALANBY" BY JOHN HUGHES</p> <p>LAURENCE OLIVIER Non-Fit 7:30. The Mat 8:30.</p> <p>SPECIAL CONCERTS AT 7:15 8:00pm. The Royal Opera House. Covent Garden. "The Marriage of Figaro".</p>	<p>THE PHANTOM OF THE OPERA The National Theatre's acclaimed production of the musical. Directed by Harold Prince.</p> <p>THE WIND IN THE WILLOWS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p>	<p>WILDFIRE Directed by Peter Wood. "The Fire of Love".</p> <p>ROCKY HORROR SHOW A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p>	<p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p>	<p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p>	<p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p> <p>THE CATS A musical. Directed by Harold Prince.</p>	<p>CINEMAS</p> <p>BARBARAN HALL 628 8700/8308 7:30pm-9:30pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p> <p>ROYAL FESTIVAL HALL 01-222 5121. CC 528. 8:00pm. The London Sinfonietta. Claudio Abbado cond. Rudolf Kersch plays piano.</p>
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THE ARTS

Swinging again to the Sixties

GALLERIES

1966 and All That Whitworth Art Gallery, Manchester

Make or Break City Art Gallery, Manchester



Imperishable images of the Sixties: Klaus Voorman's Beatles record sleeve and John McConnell's Biba logo

Mining matters

Last night World in Action (ITV) turned its attention to the South African mining industry.

World in Action is accused, in a recent survey by a newly established outfit called the Media Monitoring Unit, of left-wing bias.

TELEVISION

For example, we were told that "the architects of apartheid held the mining industry as their model".

The chairman of Gold Fields, Lord Erroll of Hale, was quoted as saying "our miners have better conditions than I had at public school".

Andrew Gimson

The Sixties evidently continue to excite renewed interest: presumably we are just passing that crucial stage where what has been dated, dowdy and boring suddenly starts to look period, trendy and fun.

"Swinging London": for anyone over 30 the very words must summon up a host of images. Miniskirts, of course, though as the show points out they did not reach their minimum until the end of the decade.

The organizers of 1966 and All That are quite tough on the mythic aspects of the Swinging Sixties. It is to be noted that the principal organizer and author of the accompanying book (Trefoil, £8.95), Jennifer Harris, was 17 in 1966, which should have been about the right age to experience an alleged explosion of youth culture.

The Whitworth show is primarily

Sixties were supposed to be liberating, but in fact imposed their own form of constraint: concerning the skeletal Twiggy they observe "diminutive in size, the woman is also diminished in consequence".

In other respects the show tends to be a bit solemn and sociological. But one has only to join the dozens of kids in school parties wandering round it, sketchbooks in hand, to sense that for all the mild disapproval and admonitions that we must be serious about all this, the fun of the decade does come out.

about design, though there is an annex of art from the period which happens to be in the gallery's collection, and the early examples of British Pop Art and such do not look at all bad.

I f we want to see the sort of thing that the Sixties dragged us out of, Manchester at the moment offers a useful point of reference in the Make or Break show, which began its life at the Royal College of Art in London and has now arrived (until December 7) at the Athenaeum section of the City Art Gallery.

afterwards, really up to the Festival of Britain in 1951 - at least the possibility that the quality of life was going to improve and that designers might at last be given their heads again.

Though 40 years is a long time, it seems longer. The main notion of Britain Can Make It appears to have been that everything was going to go back to just where it had been before: things that had not been available "for the duration" would come back again unchanged, and people would be wearing the same clothes, living in the same houses, eating off the same china, and using the same domestic appliances they had in 1939.

John Russell Taylor

ROCK

Alice Cooper Wembley Arena

Before the excesses of W.A.S.P., Iro Maiden, The Damned, The Tubes, Kiss and even The Rocky Horror Show there was Alice Cooper, the man most singularly responsible for the catalogue of miscreant entertainment that has become so pronounced since his fall from prominence.

The magnificent stage set was a Gothic cross between Frankenstein's junkyard and the wreck of the Hesperus, and Cooper, wielding a variety of whips, swords and canes, strode like Billy Smart in a circus of terrors through a litter of disembodied model legs and heads, pausing to fondle his python during "Be My Lover", engage in a whipping duel with a leather-clad

CONCERTS

LSO/Abbado Barbican

There are few conductors who can match Claudio Abbado's sophistication in the tricky business of delineating and refining Debussy's textures. Perhaps this was not the most exciting performance of Iberia imaginable: the outer sections, in fact, were rather sedate and too obviously painstaking.

The London Symphony Orchestra's prelude to Debussy's early cantata La Damselle ethe was also sensuously wrought, preparing the ground admirably for those rather drippy images that prop up Rossetti's poem: lilies, ripe corn, eternal womanhood. To this the fresh-toned ladies of the

RPO/Dorati Festival Hall

Brahms was in his heaven on Sunday night and all, or so it seemed, was right with the world. Antal Dorati was back with the orchestra of which, at 80, he is conductor laureate; the Royal Philharmonic played trustingly and honestly for him; and the audience responded with warm and generous applause.

The Piano Concerto was a schizophrenic affair. There was Dorati, standing at a tasteful distance from the work's emotional trauma, turning its rhythmic corners firmly and gracefully, feeding each burgeoning melody with discretion and restraint, and keeping the rondo finale on a tight rein. And then there was Stephen Bishop-Kovacevich, with a performance which sounded as if it had just been removed from a hurriedly packed suitcase, strangely dispassionate, and with a patina of aggression to prove there was life in the old score yet.

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THEATRE

The Last Waltz Soho Poly

As a National Serviceman, my strongest memory of Salisbury is of an exercise in which the city had been blown to smithereens and the Blue had become a huge lake called Sullivater Mere. To judge from Gillian Richardson's play, the Army is still nursing its wicked way with the area.

The Last Waltz celebrates a friendship between two Army wives in an environment where snide relationships are under constant threat from posting, promotion and pregnancy.

Intense

FESTIVAL

I dare say that music histories written in the next century will talk of Huddersfield's Contemporary Music Festival with some awe. Every year sees a lively gathering of composers established and unknown, of performers British and foreign, of audiences young and old.

Last year the accent was very much on things British: this year the organizers have opted for a more varied programme, though the principal focus is a major retrospective of the music of Leonard Cohen.

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Leonard Bernstein World Town "UNDOUBTEDLY THE MOST COMPELLING BRILLIANT... ENGLISH... A GREAT MASTERS... JUST WHAT... THIS IS THE... LIFE-AFFIRMING... ASPIRING... BEST... QUEEN"

SPECTRUM

The day the milk turned sour



Part 2: A bitter pill for British farmers

In four months time Britain's dairy farmers face massive fines from Brussels for breaking milk quotas. Meanwhile backbench MPs revolt against plans to take land out of

production. In the second of our series on the Common Agricultural Policy we look at the varying fortunes of the British farmer

When Britain finally joined the EEC in 1973, farmers could hardly believe their luck. Instead of target prices being set annually by the Ministry of Agriculture, under the niggardly direction of the Treasury, they were negotiated at a far higher level by ministers from nine countries. And because the proportion of farmers was much higher in the rest of Europe, most ministers took a far more benevolent attitude towards agriculture than the British Government.

For the Republic of Ireland, where farming and farm-related industries still dominated the economy, the effect was even more dramatic. Throughout the 1970s incomes and expectations reached undreamt-of levels with drastic effects upon the national economy, for which the Irish are now paying the price.

During this time there were sirens warning of the dangers of setting intervention prices at levels far above world market rates, of declining export markets, and of the prospect that surpluses would sooner rather than later become unmanageable.

The warnings went unheeded. Farm ministers entered into each annual round of price fixing apparently with a complete disregard for the fact that agriculture was taking an ever-increasing share of the Community budget.

In Britain the Ministry of Agriculture was exhorting farmers to increase production and encourage expansion with offers of generous grants. The banks, too, were happy to lend on the oldest collateral of all - the land. Meanwhile the butter mountain reached 1 1/2 million tonnes and warehouses were bursting at the seams with 1 million tonnes of skimmed milk powder. Something had to go.

For thousands of British farmers milk turned sour almost overnight. At 3am on Saturday, March 31, 1984 ministers agreed on a blanket policy which would cut total milk output in each country back to 1 per cent above that produced in 1981.

There was no time for second thoughts. The quota was brought into force 48 hours after half-awake ministers had made their compromise decision.

During the last two years the shock effects of this have been felt in every farming community in England and Wales. On the day the quota was agreed in Brussels, the Milk Marketing Board had 39,287 members; today the figure has dropped to 36,769. The board blames the quota system.

On the face of it, the situation is absurd. Dairy farmers have been driven out of business or fined for producing too much milk. Yet millions of pounds' worth of cheese and butter have to be imported because Britain does not produce enough milk.

To meet home demand at least 16,000 million litres (3,520m gallons) is needed every year, but Brussels has decreed that its 12 member nations' farmers must produce only 12,377 million litres (2,723m gallons). So French, German, Dutch, Irish and New Zealand butter and cheese are bought in to stock supermarket shelves.

The situation will get worse: by April 1988 farmers must cut back to 12,000 million litres and proposals for an additional 5 per cent reduction are under discussion.

Last year the Milk Marketing Board was fined £827,000 by the EEC for over-stepping the quota limits by 0.4 per cent and they had to recoup the money from those of its members who flouted the quota rule, in some cases because financial ruin was the bleak alternative. A penalty of 13p was imposed on every rule-breaking litre.

There are now just two options open to small dairy farmers - either quit farming or gamble. To the Brussels *bourgeoisiers* all that matters at the end of each financial year is whether member countries have stayed within their allowed quotas.

"It is not until the end of the milk year on March 31, when we add up the total milk yield and know whether we are above or below the allowed quota, that they learn whether they have won or lost."

"For farmers who have everything to lose and very little to gain it is rather like betting blindfolded on a hand of cards."



Squalls ahead: but Cambridgeshire farmer Oliver Walston and his dog Mosel are not in serious trouble

Riding the subsidy seesaw

Some farmers have grown rich from the Common Agricultural Policy. Oliver Walston, son of an SNP peer and former Labour minister, took over the management of his father's 3,000 acre farm in Cambridgeshire 15 years ago. The turnover is about £1 million and "I honestly don't know what the profit is."

The EEC restrictions, however, are starting to bite and he is making some modest economies. Four months ago he sold his Porsche and he now drives a Volvo. The farm now employs nine people compared with 14 eighteen months ago. "But don't get me wrong. We are not in serious trouble. To use a sailing analogy, if you see squalls ahead it is only prudent to make adjustments."

"We as arable farmers enjoyed a greater level of prosperity between 1972 and 1983 than I suspect any farmer has ever enjoyed," he says. "It was impossible to lose money. Even bad farmers made money. Money, good ones made a lot and excellent ones made fortunes." His holidays, taken with his American wife, have varied "from Beaujolais to Tibet".

"The only thing that makes me angry was that farmers were so ungrateful. They continued to whinge. Each and every year they told a gullible public that unless prices went up farmers would go

bankrupt. I suppose in a way it was brilliant campaigning." During the boom years Walston was able to re-equip the farm completely with new and expensive machinery, some of which he admits was quite unnecessary. He cites the example of a £2,500 grant for a £25,000 lorry which he would have bought anyway.

His case illustrates the difficulty of devising a fair subsidy system. There are more than five million farmers in Europe. Three million are very small, with no income, about two million are small but productive and 110,000 are big, 24,000 of them in Britain.

"The intervention system, which was meant to be a safety net, has turned the CAP into a lunatic asylum," Walston says. "The floor is now the ceiling. I have sold wheat into intervention in preference to selling it to my local merchant." He believes that politicians and consumers have finally seen the light and realized the folly of continuing to pay subsidies to produce wheat, barley, sugar and oil seed rape for which there is no demand. But he thinks that farmers will remain a protected species because of their influence in the rest of the community.



He's got bottle: once Vic Morton filled them, now he delivers them

A curdled career

Seduced by Common Market promises, dairy farmer Vic Morton took out a bank loan and sank his life savings into improving milk production. In four months' time, instead of collecting his retirement pension, he will leave home each day at dawn on a milk float to deliver the bottles he can no longer afford to fill.

It is a bitter pill to swallow. Morton, a blunt-spoken Yorkshireman of 64, started life as a farm boy with modest ambitions, then cautiously ventured into a farm business which he presumed would keep himself and his wife Irene comfortable in their

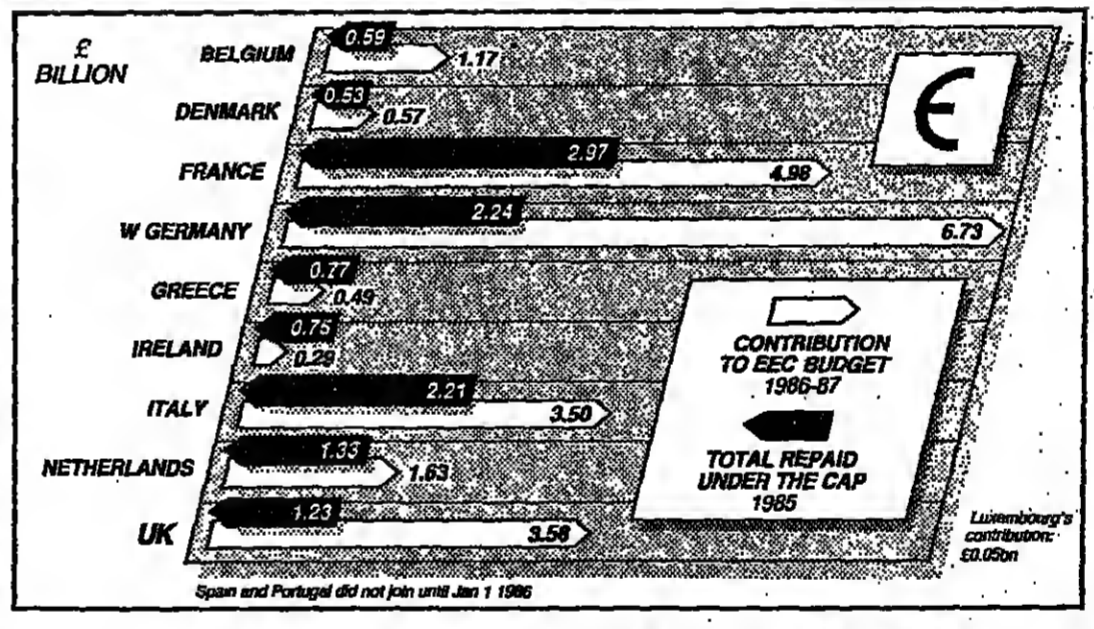
old age. Now he feels betrayed. "Tenant farmers are relics of bygone years," says Morton, shaking off his Wellington boots and walking wearily into the kitchen of his farm near Sheffield. "An old farming friend told me two years ago that it was time to get out and even the bank manager said the same: I didn't listen and my God how wrong I was."

Since the Common Market introduced a milk quota two and a half years ago, Vic has metaphorically drowned in an ocean of the unwanted liquid. His herd of 70 dairy cows produces between 80 and 100 gallons every day and when Government quotas abandoned five years ago for farm expansion, Vic seized the opportunity to build a retirement nest egg. With professional guidance he compiled a comprehensive five-year farm projection which was approved. It predicted a £15,000 grant to add to the £40,000 which came out of Vic's savings and a bank loan to fund a sophisticated milking parlour.

But three years ago Sheffield Council, which owns his land, increased the annual rent to £4,000; then the savage milk quota was introduced, which meant only 330 gallons - less than half his weekly total - was wanted. Even after the quota came into force, Morton was able to dispose of about 50 gallons of excess milk daily by bottling it and distributing it on the milk round which he and Irene have run for two decades. But now, like every other dairy farmer who exceeds the quota, Morton is fined 13p by the Ministry of Agriculture on every litre above the allowance.

Two years ago Morton tried diversifying into beef production, but high feed costs wiped out slim profit margins. "Yet again I got my fingers burnt," he says wryly. "It seems every time I try a new venture I get kicked in the teeth." "Farming has changed from when I was a boy. Now there is no place for tenant farmers, it's only big businessmen who can make a fat living from the land. There must be something wrong when I get up at 5.30 every morning to milk my cows and then have to spend four hours on a milk round to subsidize their existence."

PAYING IN AND PAYING OUT: HOW BRITAIN FARES IN THE EEC STAKES



Fears on the hillside

Aberdeenshire beef and sheep farmer Eric Steen has little hesitation in naming a major CAP success story. At a time of plummeting farm profits in Scotland - 75 per cent down last year - the CAP has allowed sheep farmers to stay on the hills with a guaranteed level of support, through the sheep meat regime.

This has helped Stephen expand his flock to 600 head on his 680-acre mixed unit in the heart of rural Aberdeenshire, but he dreads to think what would happen if the Commission "pulled the plug".

After the first boom years of the CAP in Scotland, the rise in interest rates in the Seventies knocked the wind out of farmers like Stephen. Now he fears that the variable beef premium will be scrapped, removing £13 million in support from the hard-pressed beef producers. High demand for good-quality maturing barley - he grows 250 acres of cereals - has helped equalize the picture, however.

Profits have not been high. In 1975 the farm yielded £16,000 on a gross output of £65,000. The bulk was re-invested and he drew £4,800 to provide for his wife Nora and four children. Last year he made the same profit on a gross output of £120,454. He took £7,000 for himself and thinks he is worth more.

Ten years ago Stephen drove a new Mercedes, now he drives a 1977 Rover. Like other Scottish farmers, he realizes that the days of full-blown production are over. What they need now is guidance from the Government.

Shoulders hunched against the icy wind, Welsh sheep farmer Bill Lloyd climbs the bleak hillside where his flock nose out tufts of grass and gazes anxiously seaward. His future and that of his sons Jim, aged 21, and Bill Junior, 19, will be decided in Brussels, and he cannot hope to influence the outcome.

All Bill's lambs go direct to the abattoir where he is paid a guaranteed price of £2 per kilo under the variable guarantee scheme instead of the average £1.50 per kilo at which his lambs are valued at market prices. Over the past 12 months Bill has received a CAP subsidy of £12,000. The abattoir claims back its loss through the Ministry of Agriculture.

At Bill's local cattle market last week rumours were rife that the premium on hillside was about to be cut. As a result cattle that would normally sell for between £350 and £370 were auctioned off for just £330. Next month the variable premium comes up for annual review. Any change is it could send Bill into bankruptcy.

He bought his 212-acre farm near Aberystwyth in 1974 and added 140 acres in 1977. He was one of the lucky ones whose sheep were not affected by the Chernobyl disaster, although homewives boycotted the local butchers for three weeks.

He is anxious both to diversify and to regulate a gross income which ebbs and flows between £40,000 and £60,000 each year, and plunges to about £10,000 after overheads have been paid. He runs an ageing Volvo and holidays are usually a weekend in London or the Lake District with his wife Lynne. In North Wales rich farmers are a myth.

Member states' contributions to the EEC are financed partly by VAT receipts and partly by external levies and refunds from the European Agricultural Guarantee Fund. The latter are not payable until interventions to the EEC are sold; while they remain in storage, they are national responsibilities. These unsold "mountains" explain why only Greece and Ireland appear to be beneficiaries.

Times reporting team: John Young, Richard Owen, Bill Lockhart, Ian Smith

TOMORROW Why the CAP won't fit the world

Advertisement for RSPB Awards and Esso. Text: 'DO YOU DESERVE A MEDAL? More to the point, has someone you know done something for wild bird and countryside conservation? If so, the Royal Society for the Protection of Birds and Esso want to hear about it. We are looking for individuals or organisations who have made an outstanding contribution to wild bird and countryside conservation in the following award categories: Individuals for the person who has made the most significant individual contribution. Industry for an outstanding company, work force, trade group, trade union. Media for an individual, publication, programme or organisation reporting on wild bird and countryside conservation issues. Europeans for an individual or organisation working in Europe, outside the UK. In addition a cash award of £2,000 will be made by Esso to one of the recipients of the above awards who, judged by Esso, has made the most positive contribution to bird and countryside conservation. Presentations will be made at a luncheon in London. Celebrations from the world of politics, industry, showbusiness and conservation will be there to demonstrate their concern for our countryside. Will You? For your RSPB Birds and Countryside Awards pack telephone Carol Price 0767 80551 or write to RSPB Birds and Countryside Awards, RSPB, The Lodge, Sandy, Beds SG19 2DL.

CONCISE CROSSWORD NO 1115. Includes a crossword grid and solutions for across and down words.

Advertisement for Christmas greetings. Text: 'Christmas greetings show you care. So don't miss the last airmail posting dates - they start December 1st. Your cards and gifts will make Christmas even happier for friends and relatives overseas. But remember - the recommended last airmail posting dates for Christmas start on December 1st. For example, gifts by air to Australia should be posted by December 1st and cards by December 3rd; cards to the USA by December 5th and to Germany by December 12th. All the dates are listed in this leaflet. Pick up a copy today from your post office. Royal Mail

FASHION by Suzy Menkes

'Not since Norman Parkinson created fairytale pictures of Princess Anne in 1971 has a photographer conveyed the magical quality of royalty'

The exhibition at the National Portrait Gallery to celebrate the Queen's sixtieth birthday is filled with images, domestic and majestic, by painters of our time. It also includes photographs commissioned by the royal family themselves for official distribution.

Artists use licence and imagination and are aiming to please patrons, from the Fishmonger's Hall to the Reader's Digest. Their work must be judged according to aesthetic and artistic standards.

Photographers are called to the Palace to gild the royal image and, although some portraits may be more graceful or more technically effective, we must assume that the Queen and her family and all their advisors have some general aim in view.

If there is a cohesive picture of the royal family in the modern age, I cannot find it either in the current exhibition or in recent portraits taken of the Princess of Wales and the Duchess of York.

Disparate photographers doff their lens caps in the royal presence. Apart from Snowdon, who is primarily a fine portraitist, and Tim Graham, whose training was in news reportage, the photographers royal are mostly grounded in fashion. Sarah Ferguson and Prince Andrew deliberately summoned two fashion photographers, Terry Donovan and Albert Watson, to present them as a regal couple.

Yet something funny happens to fashion photographers on the way to the Palace. All their training and experience in creating a striking

FASHION EDITOR'S COMMENT

visual image seems to desert them.

Not since Norman Parkinson created romantic fairytale pictures of a surly Princess Anne for her twenty-first portraits in 1971 has a photographer succeeded in conveying the magical quality of royalty. This was done in a snug way in the 1940s by Marcus Adams and by Studio Lisa, whose portraits of the little princesses plopped in frills and flowers make Lisa Sheridan the Crafwic of royal photographers. Such pictures had a particular, definite

purpose: to show a misty-eyed vision of family life in a Britain of the Blitz.

The late, great Sir Cecil Beaton, whose royal portraits are a mirror image of his baroque and whimsical fashion pictures, is the only photographer to have created an image for the 20th-century monarchy. His pictures of Queen Elizabeth in ethereal tulle taken for the state visit to France in 1939 established a romantic style which the Queen Mother has carried with her for half a century. Both

the photographs and the dresses were inspired by Winterhalter, the 19th-century court painter who is himself the subject of a major exhibition at the National Portrait Gallery next year.

What we have today is a series of banal pictures taken in the royal back yard, punctuated by the occasional Snowdon portrait designed to give historical depth and gravitas. There is a place for candid camera shots to humanize royalty. It is charming to see the Queen beaming broadly at the Duke of York's camera or the little Prince William on horseback. But these should be matched by pictures that set monarchy as a race apart, in the context of our history and with all the accoutrements of majesty.

The great royal portraits were produced in a more confident age. Now the photographs, like the events themselves, lack the element of theatre necessary to make the symbolic side of the monarchy impressive for the subjects.

Our royal family are, to an extent, beached in a Europe once over-populated with their species. The grand clothes and jewels are also left as an island of splendour from which the rest of society has receded. Instead of trying to underplay the glamour and the glitter, official photographers must play it up. As a women's magazine so succinctly put it: "Are the royals royal enough?"

Suzy Menkes discusses the Royal Image 1837-1986 at the National Portrait Gallery tonight at 6.30pm. "Elizabeth II, Portraits of Sixty Years" runs until March 22.



The Queen by Beaton, 1956

Knitting up the new mood

That indefinable look of the English gentleman: classic elegance and understated class

Ever since Sebastian Flyte strolled on to our television screens in *Brideshead Revisited*, men's fashions have emphasized the kind of sartorial elegance of which Aloysius Bear would have been proud. The winter's knitwear for men confirms the look for young English gentlemen combined with a more American feel for collegiate stripes and *Gatsby*-style argyles.

Young fogeys, still hung up on Nancy's plea for warmth and practicality, will find replicas of their public school games sweaters in thick grey wool gracing the windows of high street menswear shops. They may even find their family coat of arms emblazoned across the front or embroidered on to a pocket.

George Peles of Barrie Knitwear in Hawick, Scotland, cottoned on to this heraldic look and have transferred a design based on Hawick High School blazer badge on to their perennial "Higgins" cardigan. This season it comes in cherry red and forest green trimmed with collegiate stripes for a schoolboy prep look.

Young fogeys will find replicas of school sweaters

Jeremy Hackett has captured the young fogey market by selling the real thing: grandfather's cardigan, complete with mulligatawny stain for authenticity. He has two shops in Fulham and has just taken over management of those ultra-refined establishment outfitters, Cordings of Piccadilly.

Roger Saal of Mulberry will appeal to a more label-conscious country workman. His shop in Gosport, W1 may not smell of old leather and mothballs but the feel is very much P. G. Wodehouse, hunting, shooting and fishing. Mulberry's argyle sweaters are in muted shades of autumn and oiled fishing sweaters are knitted in deep burgundy, brown and charcoal grey.

A wintry idea from Jaeger is a lambwool scarf given away with every sweater bought from their menswear departments. To qualify for this freebie snuffler you can choose from chunky wool sweaters in raspberry red or cream to heavyweight cable-knit Nordic patterned polo-necks.

The feel is very much that of P. G. Wodehouse

Malcolm Levene's shop in Chiltern Street, W1 is decidedly more yuppie than fogey. Levene describes this season's knitwear, which is mostly commissioned from Italy or France, as "New Classic". The designs are based on old knitting traditions. Fair Isle and Aran, but the colours are totally unexpected. Petrol blue and metallic grey blend in more with the streamlined rails of Malcolm Levene's shop, and the lighter-weight sweaters and waistcoats fit more neatly over tailored trousers or under structured jackets for townies.

A new shopping stop for men opened in London last week. Zy at 59 South Molton Street promotes the American prep style that go so well with a Filofax and executive swivel chair. For £33.95, aspiring professionals can pick up a sporty V-neck cardigan complete with go-faster stripes.

Rebecca Tyrrel



Muted burgundy, blue and green argyle slip-over, £49.50. Green and white cotton shirt, £42.50. Navy corduroy trousers, £55. All from Mulberry Company, 11-12 Gosport, W1. Tortoiseshell-rimmed spectacles, £24.95 from Doldon and Aitchison



Graphic patterned smoky blue, grey and black sweater, £119. Charcoal and blue check brushed wool trousers, £78, both from Malcolm Levene, 13-15 Chiltern Street, W1



Coat of arms marled grey heraldic patterned sweater, £40. Fine stripe crinkled wool trousers, £35, both by French Connection from Connections, 55-56 Long Acre, WC2, Dickens and Jones, Oxford Street, W1 and Lewis's, Manchester Photographs by CHRIS DAWES



Softest wool pale green cardigan, £235 and matching silk chiffon skirt. Both by Romeo Gigli from Browns, 27 South Molton Street, W1. Make-up: Debbie Bunn. Hair: Jaffa for Pierre Alexandre, 17 North Audley Street, W1. Photograph by MIKE OWEN

Long and classic or oversize and fluffy: woollens are in tune with today's fashion

Knitwear is quick to pick up a fashion stich. The new mood - gentle, graceful and feminine - is best expressed in knit. The naked neoprene rises swan-like from a boat-neck sweater or a V-front cardigan. Attenuated woollens flow into soft skirts for a look that goes from day through to the quiet of the evening.

Romeo Gigli in Italy is the author of the fashion feel for the long, the grave and the plain. His dusty colours, simple shapes and flat wools are setting a style for classic knits. These are in contrast to the fluffy sweaters with padded shoulders that were Milan's earlier contribution to fashion knitwear; to cheery oversize sweaters in bright knitted cotton; to winter woollies relying on unusual yarns or stitchcraft to give surface interest.

The most recent work is colourful and abstract

Knitwear is for all seasons and all reasons, with many of the styles co-existing in the fashionable wardrobe. A newly opened exhibition at the Crafts Council emphasizes the "common art" of knitting, but the garments on display also show a continuous thread of fashion.

From the delicately stitched green and gold 17th-century jacket to the Edwardian woolly with its fashionably bulbous leg-of-mutton sleeves, knitwear has adapted to the mode of the moment.

The exhibition is designed to provoke. Photographs and reports from the past prove that knitting was often women's work rather than art or craft.

The large modern section should inspire Britain's 11 million hand-knitters. It includes tapestries of colour by knitting's guru Kaffe Fassett, bold flowers from Susan Duckworth, and Patricia Roberts's evocative South Sea Island fruits. The most recent work is colourful, abstract and sometimes experimental, like Susie Freeman's nylon filament knitting with sequins trapped in tiny pockets.

Designer knits is also the theme of a new book, joining the crowded shelves of imaginative pattern books. Designs from America's Perry Ellis and Joan Vass, as well as knits from our own Bill Gibb, are included in *Exclusively Yours*, a colourfully illustrated book by Frances Kennett, £12.95 from Grafton Books.

"Knitting: A Common Art" is at the Crafts Council Gallery, Waterloo Place, London, until January 11, and then at Shipley Gallery, Gateshead, and Yorkshire Museum, York.

Spanish hat trick

Is milliner Graham Smith, whose clients include the Duchess of Kent, Princesses Alexandra, Margaret and Diana, giving away some royal secrets? Graham, whose designs for Kangol have included the chirpy sailor hat for the Princess of Wales, designed to wow the Italian navy on her visit to Italy with Prince Charles, unveiled his latest collection last week. It was filled with Spanish *olé* matador hats in striking scarlet and black as well as Infanta confections in black tulle.

Diana is confidently expected to pay an official visit to Spain next year, as guest of the Wales's close friends Juan Carlos and Queen Sofia, and to boost a major British fashion promotion in Spain.

PEOPLE


Also turning heads is Kirsten Woodward, star spotted by Karl Lagerfeld two years ago and creator of Diana's Paddington Bear sou'wester for the wedding of the Duke and Duchess of York. Kirsten, who studied millinery on a four-year course at the London College of Fashion, has agreed to share her secrets with us at Liberty next Tuesday for the *Times* shopping evening. Couturier Victor Edelstein has also taken up Kirsten Woodward, who might reflect that after designing cream-puff-and-eclair hats for Karl's famous *Patisserie* collection, her career has been a piece of cake.

I hear that British fashion students, who have given Jean Paul Gaultier some of his best ideas, have pulled off a *coupe royale*. Gaultier will brief students with his ideas for fabric design for this

year's Courtelle Award scheme. The Parisian designer, many of whose ideas were inspired by avant-garde student fashion, flies into London next week.

Pats on the back

Energy minister Peter Walker in pin stripes, old school tie and Church's brogues, lived up to his title with a vibrant and rousing speech to the fashion establishment last Tuesday. The assembled throng, gathered together in the Hilton ballroom for the annual convention of the British Clothing Industry Association, was predominantly male, overwhelmingly business-suited, and pleased to be patted on the back by the government for creating jobs in manufacturing. Breaking the sartorial mood was Jean Mair in hoardstooth check, sitting with Royal College of Art rector Jocelyn Stevens representing art among the industrialists.



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THE TIMES DIARY

30 years hard

The saga of barrister Nemone Lethbridge and convicted murderer Jimmy O'Connor has taken a new turn. The couple, whose marriage in the early 1960s cost Lethbridge her job, are to go to the European Court of Human Rights in January to try to clear his name. O'Connor, who won a last-minute reprieve from the gallows in 1942, served ten years in jail for a crime he says he did not commit. Now 67, he has received a letter from the Home Office saying that although his conviction was 44 years ago, the file on his case covers the period 1941 to 1971 and under the 30-year rule cannot be released until 2001. "I want the Court of Human Rights to force the Home Office to release the papers now," O'Connor tells me. Though the couple divorced in 1974, Lethbridge - who returned to the Bar in 1981 - says she will back him all the way.

Cahoots, mon

Following in father Patrick's footsteps, Bernard Jenkin has just been adopted as a Tory prospective parliamentary candidate. Not much hope of making it to Westminster after the next election, though: the seat is Glasgow Central, a Labour stronghold. Why has Jenkin, who sounds as English as they come, taken on the challenge? "I want to illustrate that people in the South-east haven't forgotten about Scotland. After all, the captain of Glasgow Rangers is an Englishman too," Jenkin tells me optimistically.

Trust Lloyd's to do it in style. For the official opening, the organizers bought up the entire stock of 1979 Veuve Cliquot - 5,000 or so bottles. Appreciative guests dined the lot.

Taken off

It doesn't pay to offend BA. Paul Maurice, aviation correspondent of the London radio station LBC, wrote a critical piece in this month's issue of Executive Travel casting doubt on the airline's ability to sail from privatization into profit. He ended with the comment that the chairman, Lord King, and the chief executive, Colin Marshall, "should call it a day after privatization and hand over to a new breed of dynamic management." BA replied by totally grounding Maurice, declaring him "beyond the pale" and withdrawing all press facilities. Nonetheless, Maurice says he intends putting the ban to the test by turning up at BA's Christmas party.



But the rumour is they're still opening on Saturday mornings!

Barclay backlash

Harry Phibbs tells me that the Federation of Conservative Students is to boycott Barclays Bank. The reason, of course, is Barclays' withdrawal from South Africa, deemed "guided" by far-right Tories. Hasn't the FCS been abolished? Not until March, I am told - and there are still hopes that the Tebbit interdict can be lifted. A campaign to save the FCS is in the offing, with funds from wealthy sympathizers now being channelled through the right-wing pundit Sir Alfred Sherman.

On the mark

I am about to blow the final whistle on goalkeepers' nicknames. Only the most unstopable of your mailshots will lead to extra time. I particularly enjoyed the appellation of a goalie for the Plymouth polytechnic side whose surname was Jacobs. His team mates called him "Crackers" since you have to be mad to play in that position; I also liked "Teflon" for the man whose hands were non-stick, and the now defunct souhiquet for the young Peter Shilton (England's Number One); Dracula, for the reason that he did not like high crosses.

PHS

When the hassle got too much

Donald Woods explains the significance of Barclays' withdrawal from South Africa

Barclays Bank's announcement yesterday that it was withdrawing from South Africa is the result of several factors, including the long anti-apartheid campaign against Barclays for being such a major investor in the apartheid economy for so long.

This campaign has included the withdrawal by many students, municipalities and charitable funds of their accounts from Barclays over the past seven years, and has undoubtedly constituted an important part of what American corporations call "the hassle factor" in dealing with South Africa. In terms of this factor, when the financial returns from South Africa are outweighed by the related losses in other areas, the hassle isn't worth it.

Ultimately, however, the basic reason for the withdrawal of Barclays is that there are today some 44 million black Americans whose political leaders have adopted the anti-apartheid cause for the first time as a priority in American domestic politics. Inevitably this has been reflected in Congress, because there is no seat anywhere in the United States that is unaffected by the black vote. It has also been reflected in corporate policy, because no major American corporation can ignore the sensitivities of 44 million black American customers.

These developments have in turn affected American foreign policy: witness the quiet cremation of the "cooperative

engagement" policy and the new readiness in Washington to do business with the African National Congress.

A further factor encouraging this tendency to drop South African business involvement is the fact that more than two-thirds of the world's people are "black" and are increasingly aware of and angry about apartheid, and that this affects relationships among the Commonwealth countries, as well as the wider relationships among member states of the United Nations.

In short, the United States and the EEC can no longer afford to afford most of the Third World for on worthwhile gain, and as a major bank with strong American and European relationships Barclays would have been foolish and unbusinesslike to continue swimming against the growing tide.

Withdrawal from South Africa will therefore take a lot of pressure off Barclays provided that it is genuine and seen to be genuine. It will not be seen to be genuine if past lending patterns or loan restructuring services to South Africa are continued by Barclays under some other dispensation, but no doubt the bank's chairman, Sir Timothy Bevan, will be fully

aware of the pitfalls of such a course.

Barclays' decision follows earlier withdrawals from South Africa by such American corporations as Polaroid, General Motors, IBM, Coca-Cola and Kodak. It will inevitably cause a flutter among the other British companies involved there.

The argument that involvement by foreign concerns in the South African economy is for the benefit of black South Africans has never been supported by black leaders there who are financially and politically independent of the government. All of the independent mass movements - the African National Congress, the Pan-Africanist Congress, the United Democratic Front, the Black Consciousness Movement and, in Namibia, the South West Africa Peoples' Organization - have long and consistently opposed such involvement.

In these circumstances it has been seen as arrogant of non-victims of apartheid, such as white South Africans and conservative politicians abroad, to brush black opinion aside and claim to know more about what is in the interest of blacks than the blacks do themselves.

It has also been noted that

South African government representatives and their supporters abroad who claim the blacks will be the worst sufferers from disinvestment are not generally known to be persons long concerned with issues of black welfare.

As most black South Africans see it, according to those of their leaders who appear to have most support, they are in what appears to them virtually a war situation; that anyone who helps their enemy harms them, and that those most helped by foreign investment and participation in the South African economy are the whites who benefit most in terms of dividends and, in the case of the South African government, from corporate tax revenue.

When there is dispute about who their leaders are, black South Africans are entitled to say that until they are allowed to prove this openly by voting, the western world should assume what it does about such countries as Poland - that in a society which forbids most of its citizens to vote democratically, those leaders who are persecuted must be taken to represent the wishes of the majority.

In Poland's case that means Lech Walesa; in South Africa, Nelson Mandela. And Mandela is for more than disinvestment. He is for full mandatory sanctions.

The author was formerly editor of the Daily Despatch, East London.

Glanville Williams on the flaw in plans to video child abuse evidence

More humanity, Mr Hurd

The Criminal Justice Bill proposes live video links to enable children to give evidence in child abuse cases without the distress of testifying in open court and in the presence of the alleged abuser. The abuse will frequently have been sexual but may be purely physical. After the number of cases of abuse which have been brought to light by the BBC's Childwatch team - some causing mental anguish well into adulthood - we must give one cheer for that. Under the measure, as outlined by Douglas Hurd, the Home Secretary, at the Conservative Party conference, the principal courts will be equipped with video screens to enable all to watch and hear the child's evidence. Hurd's cautious proposal will save the child from going into the courtroom but lacks the important further advantages that would follow from a system of recorded evidence for child witnesses.

The live-link interrogatory would still mean another grilling for the child, whose evidence would still be elicited in court by a lawyer and video-linked to the child who is in some other place. Questions will be asked by a prosecuting lawyer on a screen, perhaps in his full regalia; a highly insensitive way of extracting evidence from a child, particularly in a case of sexual abuse within the family.

Doubtless it is part of the plan that defending counsel will be able to cross-examine the child from counsel's place in court. A wise judge will allow counsel to shed his robes for the purpose, but other objections to formal cross-examination by this method will remain. The child should be questioned by one person seeking to arrive at the truth, not by two people, one trying to elicit his or her story and the other to dispute it. Moreover, a defendant is entitled to conduct his own defence: will he be entitled to cross-examine the child? The idea is preposterous.

The proposed procedure would operate only at the trial, which may be long after the incident, when the child has forgotten some of the details. Not only will the child's evidence lose some of its sharpness through the lapse of time, but it is highly undesirable that the child should be required to remember the incident longer than absolutely necessary. By the time of the trial the child



will have been questioned by various people, perhaps in a highly unsatisfactory way. The rules forbidding leading questions in court may be nullified by assiduous leading questions asked before the trial, all of which would be revealed in a recorded interview.

The recorded interview could then be made available to the defence. In contrast, the live-link procedure would not enable the defendant to see for himself, before the trial, the full force of the child's evidence, and so would not induce him to admit his guilt and save the trial, as American experience shows that video recordings do. On the admission being made the prosecutor may be satisfied that alternative arrangements will justify the charge being dropped. Even if it proceeds, the court hearing will be greatly shortened by a plea of guilty, and the necessity for much distressing evidence avoided.

The video recording may enable the defendant to investigate and perhaps disprove the child's allegations. Professor Arne Trankell, in his book *The Reliability of Evidence*, described a Swedish case in which the sensitive examination of a boy complainant gave the questioner a lead that, when followed up, proved that the boy's evidence was mistaken. If the details of the child's evidence had come out for the first time in court, there would have been little opportunity to avoid a miscarriage of justice.

The proposed procedure would not save the child from having to

repeat the evidence if a new defendant was subsequently added to the proceedings, whereas the video recording retains its value in these circumstances. In short, the Home Secretary's proposal fails to offer most of the significant advantages of video recording. Hurd's rejection of video recording was perhaps due to the unfavourable publicity given to recent remarks by a judge and a barrister; but these remarks may be understood as having been directed rather against the way particular interviews were conducted than against the practice of video recording itself.

Under a system of video recording the child's evidence is taken by a properly qualified and specially trained person (emphatically not in a police station). This person (who should always be a woman when the sexual abuse of girls is involved) may be the doctor (perhaps a police surgeon) who performs a physical examination of the child, or it may be a psychiatrist, paediatrician or other doctor, or a child psychologist or social worker; but the interviewer should in any case have considerable interviewing skill and the experience needed to understand the mental condition of the child complainant. She should also receive specialist instruction. She must, for example, know that leading questions have generally to be avoided.

This procedure should be used for all evidence by children for or against other persons, whether the child is the complainant or not.



Esther Rantzen's Childwatch interviewers have drawn attention to the scale of the problem; Douglas Hurd has plans to make a child's testimony in court less of a trauma. But he does not go nearly far enough.

The defendant (if he has then been arrested or charged) could be enabled to attend with his lawyer and to sit behind a one-way mirror. The interviewer would be wearing a miniature ear-phone, so that the defendant's lawyer could suggest supplementary questions that he wished to put to the child. These requests would be included in the record for the court at the trial, so that the jury (or magistrates) would be able to check that the interviewer dealt as well as could be expected with the requests she received.

If the defendant has not been arrested at the time of the interview the defendant must be allowed to request a supplementary interview with the child, at which his questions are put to the child by the same interviewer, the whole being recorded in the same way as the first interview.

The proposal for recording the child's evidence which I put before the Criminal Law Revision Committee, unsuccessfully, many years ago (before video recording was invented), has never gained professional acceptance, because it would make a considerable departure from traditional procedure. But this is an occasion when the lawyers must shed themselves from tradition. There is no valid objection to the video recording of evidence, and everything to be said for it.

The author, a Fellow of Jesus College, Cambridge, was formerly Professor of English Law at the University of Cambridge.

Tribal rivalry adds to Kabul disarray

The circumstances and timing of President Babrak Karmal's sudden departure from office last week shed some light on the internal problems facing the Soviet-backed regime in Kabul.

Karmal effectively lost power in May when his younger colleague, Dr Najib, took over as secretary general of the ruling PDPA (People's Democratic Party of Afghanistan). Najib was angered by the series of pro-Karmal demonstrations in the capital and suspected Karmal of encouraging his supporters to voice their resentment of the changeover.

Since May latent rivalry between supporters of opposed PDPA factions has erupted into open confrontation in Kabul, with many gunfights and bombings, and the Khalaq faction of the PDPA rather than the Afghan resistance. One recent car bomb almost killed a Soviet VIP.

The small Marxist party, formed more than 20 years ago, divided into two factions, Khalaq (masses) and Parchan (patrons), largely because of the rivalry between the Pushtun or Pathan-based Khalaq and the more sophisticated, wider based Parchan grouping. After the 1978 coup that overthrew President Daoud the Parchan faction soon lost power to its Khalaq rivals under President Taraq and Hafiz Ullah Amin. The Khalaq faction has not forgiven the Russians for the 1980 invasion and imposition of the Parchan-dominated regime led by Karmal.

Moscow's replacement of Karmal should come as no surprise. As a veteran Afghan left-wing MP and politician of some standing since the 1960s, he had served his purpose in leading some credibility to the puppet regime formed immediately after the Soviet invasion.

But Karmal proved unable to achieve major Soviet goals. He failed to lead the sharp divisions within the ruling party and, after almost seven years, had made little progress towards winning international recognition of the regime or in getting a peace settlement satisfactory to Moscow.

As for the anti-guerrilla war, the Afghan army's performance has been so poor that unless morale and discipline improve the Kabul regime will remain dependent indefinitely on a heavy Soviet military involvement at present the 115,000 Soviet troops outnumber Afghan regular forces. Dr Najib, former director of Khad, the powerful KGB-trained Afghan secret police, is a very different type from Karmal. He has the confidence of the Soviet advisers who pull most of the strings in Kabul, as well as the backing of Khad.

He has proved to be far more energetic than the ailing Karmal, flying to many provincial centres to rally support, and has tried to put new vigour into the task of crushing the guerrillas. During his work with Khad, Dr Najib learned a lot about the



Najib: a tricky balance

techniques of counter-insurgency and the infiltration of Afghanistan's tribal and rural society. A Pushtun from the border province of Paktya (facing Pakistan's North-West Frontier province), he has had some success in winning over Pushtun (Pathan) tribes on both sides of the frontier. Pushtuns form the biggest nationality or ethnic grouping in Afghanistan and have long provided the rulers in this land of diverse races and languages. Above all, Pushtun tribes control the crucial Afghan border region with Pakistan.

Increased tribal co-operation and Soviet air surveillance has either blocked or made very dangerous some of the key border routes into Afghanistan. It has sharply increased the logistical difficulties of the guerrillas in

sending in arms and supplies to continue fighting.

Under Dr Najib there are signs of a distinct shift towards emphasizing the Pushtun nature of the regime. This is seen in its propaganda and greater use of the Pashto language in the official media. Promotions to senior party posts have gone mainly to Pushtuns, some of them close allies of Dr Najib, while some important figures have lost out recently: notably the former defence minister, General Abdul Qader, a Tajik from Herat, who still has strong military links. In October he became ambassador to Poland.

These changes may be designed to appeal to alienated members of the party's Khalaq faction, as well as some Pushtun nationalists, both trends are well represented in the Afghan armed forces.

At the same time, this heavy Pushtun emphasis seriously risks upsetting the many non-Pushtun members of the PDPA: Tajiks, Uzbekes, Hazars and others. Already facing strong opposition from the resistance, and with a claimed party membership of only 155,000, the PDPA can scarcely afford further internal divisions, but this seems to be the most likely result of upsetting the delicate balance of ethnic power within the party.

Anthony Hyman
The author's book, *Afghanistan Under Soviet Domination 1964-83*, is published by Macmillan.

Digby Anderson

Feeling the pulse of America

New Orleans
Here they have to bury the dead above ground. It's the wet. The ground's so soaked with rain and Mississippi water that if you bury them below, the dead literally rise again, their coffins bobbing back to the surface. Someone pointed out you could bury them below if you made holes in the coffins, but it never caught on. The relatives didn't take to the idea. There are apparently conventions in decay.

Should you, after the recent elections, pompously ask Americans what their main concerns currently are, they will do their best to imitate a newspaper and talk of the failing public schools and functional illiteracy, the depopulation of the Midwest, the drug, uncontrolled Hispanic immigration and the Middle East. But there is another way - and a very easy one - to get an idea of real American concerns. In a country where many people talk very loudly and clearly to one another in public you simply eavesdrop: there is no need even to stretch or lean.

There's much talk of the weather but it is different weather talk with a generous sprinkling of technical terms about higher and lower fronts. It's more dramatic - the wettest since dot and at incredible miles an hour and is vividly illustrated - that's how I heard the coffin tale.

But private matters are also available and at the same volume. The man at Memphis airport, delayed because of the biggest storm since dot, ignored it entirely. He was worried about his relationship. His wife refused to have a home help to clean the house; she needed one but always said no; why, she wouldn't even have one in once or twice to try it. This indicated she wasn't relating to him so he had gone to a seminar on relating and come back bursting with new ideas. She wouldn't discuss them. Just read the Sunday paper.

He had even brought back some tapes from the seminar on relating to play on the car stereo when they were driving to Nashville but she wouldn't let him put them on. She didn't seem interested in deepening their relationship. He was hurrying badly and so, he thought was Susie. He wondered if his business colleague, to whom he was relating this saga, would care to accompany him to the next seminar. He would be glad to.

They both should have taken up marathoning. The man in the airport shuttle at New Orleans did 20 miles every Sunday and after the first three hours did he feel

good. No, he didn't actually get a high but he did feel good. Marathoning was one of the four bases of a healthy life, the others being clean air, uncontaminated nutrients and trust in God. He was in town for the ophthalmologists conference. There were someeccc loose. There certainly were a lot and you could watch as well as hear them: in St Louis cathedral listening to the archbishop explaining what the faithful should about at the Pope on his visit next year ("Long live the Pope!"). In the souvenir shops buying aprons emblazoned "Creole food - hot peppers make hot lovers"; in sober blazers, red ties and black trousers gazing in at the jazz bars on Bourbon Street, their long veined bottoms twitching restrainedly to the beat.

Pairs of senior ophthalmologists who had managed to swing free trips for their wives, the ladies squeezed into shorts and all four trying to maintain conversation and progress past tap dancing black boys and a lady touting restaurant customers in a vast but elegant trapezoid, from the beam of which protruded equally vast but very dirty running shoes.

One knew they were ophthalmologists because they helpfully kept on their badges, each with name and conference designation. Some, it is true, were not full ophthalmologists. One complaining about the spicy Cajun food in a restaurant was labelled not "doctor" but "health professional". Boy, that shrimp was so spicy she couldn't finish it. But she was glad she had chosen it and not the crayfish. At least she could have eaten it if it hadn't been so spicy but goodness knows how you eat a crayfish in its shell. "Could I have another Diet Coke with my shrimp?"

Are you bored with the health professional's concern to eat at exotic restaurants without actually eating anything exotic, the deepening of relationships to fit the designs of cassette counsellors and the running, obsessions of aging ophthalmologists? Then turn your chair a little; the lady at the next table is describing her operation. Tilt back and there is a 20-minute saga about career trajectories and divorce with full personal details, and someone, unseen, has just bought his 47th home in 20 years. His wife says if he moves again, to send a forwarding address - she'll leave him. Why anyone should need to ask what America is thinking, I wouldn't know. The author is Director of the Social Affairs Unit.

A.N. Author

Knife twist with a difference

I want to tell you today about my enemy, C.R. Ittck, who over the years has delighted in doing to me and my work what I am now about to do to him. I have thought long and hard about the merits of dignifying him through the means of public abuse. I have debated the matter with my best friend, A.N. Other-Author, who counselled me against such a course, but I have ignored his advice.

C.R. Ittck first came into my life when he delivered 854 words (I counted them all out and I counted them all back) of sustained damnation on my first novel, *The Soul of Mrs Saxby*, a "torrid chronicle of amorous fantasy in the suburbia of the late 1970s" (Sucker and Windbag, £5.95 - remainderd copies still available from A.N. Author for the price of a pint) in one of the "quality" dailies.

Other-Author's argument was that in the very act of deprecating a critic, you do obeisance to his influence. I take the point, but you see, this man Ittck is such an out and out swine that these niceties become academic.

I happen to know that Ittck himself had attempted a eovel along similar lines; this much I gathered from one of his many disaffected girl friends, who promised that she would flash the manuscript for me from the bottom drawer of his desk, where it presumably still languishes like a completely unviable whale. It is one of the great chagrins of my life that she has not yet delivered.

In punishing me for my admittedly modest initiative Ittck was at the same time atoning for his own frustrations, and for this I will never forgive him. I have his review in front of me now, which is suitably yellow with age: "Author's portrayal of middle-age desire bears the stamp of one for whom all positive impulses have been subsumed by cynicism." He should know.

The greatest irony of all this is that I should now be writing about a man whose failure as an author was the single thing most responsible for his power over the likes of me. One of the reasons for which I ignored Other-Author's advice was that everyone in the business seemed to be so affected by Ittck's judgements. He had merely to touch his forelock in the direction of an embryonic Aznis and the young man's reputation was made; he had but to dismiss the meanderings of a late Kingsley and the old man's standing lay in shards.

One result of this has been to engender a really terrible duplicity in Other-Author: if he receives a good notice from Ittck, he pretends

about it mightily; if he gets a bad one, he dismisses it as the ramblings of an inconsequential and vindictive hack. I think it is quite wrong for Other-Author to have it both ways.

But that is not the point. I wanted to describe C.R. Ittck to you, with a view to causing him pain, and I shall owe do so. He has the nearest condition that a man can acquire to pregnancy, which has been brought about by a lavish expense account. He has to pull his shoulders back as a counterweight to the burgeoning belly, and hold his feet at an angle of ten-to-two in order to make the whole assembly roadworthy.

The other thing about him is that he is the most dreadful scrounger; I believe that he regards life as a train in which he enjoys the prerogative of the first-class compartment. The train runs as follows: I (Ittck) represent the licensed sampler of excellence in all its forms. Accordingly, I shall travel first-class to every literary junket, however distant, that invites me; above all, I will turn out of an evening to ingest critically the latest servings of the Roux Brothers; but all this I will do in order to service the trickle-down theory, which dictates that the quality of goods enjoyed by the rank and file depends on the quality of those at the top end of the market - in the same way that the family saloon is affected to due course by the development of the Formula One racing car; the only constant principle is this: if luxury, or hedonism, or any of their related gifts, are on offer, I demand the right of first refusal.

The other day I put this theory to a fellow-sufferer at C.R. Ittck's hands. His first reaction, like that of Other-Author, was to wonder why on earth I was spending all this breath on the unworthy of such attention. I then expatiated on the theory of the train-as-life, vis-a-vis C.R. Ittck, and my friend replied, as quickly as you please: "Maybe, A.N., but he didn't have to take the entire coach, did he?" I suppose that a creature such as Ittck never really "deserved" the space which I have accorded him here, until I think of the number of words that he has spent on me.

I await with interest Other-Author's reactions to what I have just written. I suspect he will be full of magnanimity towards C.R. Ittck and his dubious functions, and very ready to attribute the basest of motives to me. However, once Other-Author's next novel comes out (if ever it does) and Ittck gets his hands on it, I expect all that will change.

Miles Kingston is in Burma.



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BARCLAYS FLIES NORTH

"The Eagle Has Landed" was the somewhat unfortunate logo of a recent Barclays Bank advertising campaign in South Africa. It is safe to assume that in Johannesburg yesterday Sir Timothy Bevan's decision to sell off British interests in the bank at a bargain basement price to South Africa's giant Anglo-American Corporation was dismissed as "the chicken has run".

South Africans have become inured to the growing tendency of American-led multinationals to depart in response to a combination of international hostility and South African recession. But Barclays is in a different category to General Motors, IBM and Eastman Kodak.

As the biggest bank, and one of the oldest, in South Africa, it has played a long and vital role in the country's economic development. Even today it remains the largest financier of South African agriculture. But the shock goes deeper than that. There was always a sense in Johannesburg that British businesses, because of their greater understanding of the country through political and financial ties stretching back to colonial times, would be among the last to quit the South Africa.

That illusion has been shattered not by a sudden onset of virtue in the City, but because of the international character of banking today. Barclays is deeply involved in the competitive world of Ameri-

can finance where its South African ties have not been helpful. Third World pressure, too, meant that it paid for its South African presence with the loss of large and significant international loans. It is a price which the bank was no longer prepared to pay. So Barclays, like its American counterparts, has turned an economic necessity into a political virtue.

Just how virtuous it should feel, however, is open to question. True, it is withdrawing its funds at the derisory financial rate while sacrificing dividends at the much higher commercial rate. It is equally true that the financial assistance given by other divesting multinationals to enable South African management to purchase their companies has meant the short-term inflow of foreign capital. And the purchase of assets at bargain basement prices will mean invisible savings for the South African economy.

But the inflow of capital will be short-lived. As a developing country, South Africa needs access to foreign capital in the long term if it is to grow at the rate essential to employ, house and feed its growing black population and to introduce greater economic equity through both the marketplace and government welfare.

If these are losses over the long term, however, it will take only a short while before black employees in formerly multinational companies begin to feel the loss of aggressive

promotion schemes, fair employment codes and eventual jobs. South African management, relieved of the need to follow expensive social responsibility programmes, will now be likely to trim staff and wages in search of high productivity and profits.

Barclays has long been one of the better employers in South Africa, actively training and promoting black workers to senior positions. It has also taken substantial profits out of the country. If its fair employment practices are not to be seen with hindsight as hypocritical conscience money paid to soothe world opinion, it could acquire a little real virtue by plowing back some of those profits into assisting the black workers who will be hurt by its departure.

Taking a leaf from the book of those multinationals which have elected to remain, it could do worse than establish a trust fund to be used in the critically important areas of non-segregated housing, black teacher training, private non-segregated schools and black advancement in the informal business sector.

It was probably inevitable that the bank's international exposure and vulnerability to pressure would compel it, in the interests of its shareholders, to cut its South African ties eventually. But if the Barclays eagle has flown, a true concern for the interests of black South Africans requires that it leaves something more behind than a barren nest.

TO FIGHT ANOTHER DAY?

President Corazon Aquino's action in dissolving her cabinet and dismissing her defence minister is being hailed as a turning point in her administration. The myth is abroad that she has passed her first and greatest test and is now virtually unassailable. Little could be further from the truth.

Mrs Aquino has, it is true, shown political strength of an order which has been lacking in her government in recent months. She has also shown an instinct for personal survival. But she had earlier allowed an atmosphere of uncertainty to develop marked by rumours of coups and counter-coups.

Before the weekend, elements in the army had become restless as President Aquino persisted in her attempts to talk to the communist and Muslim insurgents. The murder and mutilation of a senior trade union leader brought left-wing sympathizers on to the streets in force. The killing of a respected Muslim leader threatened increased violence on the southern island of Mindanao. And the kidnapping of a Japanese businessman posed a threat to potential foreign investment.

Domestic and foreign confidence in the Aquino government's ability to preserve law and order, let alone pursue policies that would foster stability and future prosperity, was being undermined. There was need for strength. Whether in showing

that strength at the weekend, President Aquino was leading events, or merely reacting to them, however, is open to question.

In removing her Defence Minister and chief rival for power, Juan Ponce Enrile, she has conceded that the consensus which brought her to power is beginning to break down. She may have eliminated a host of potential problems. Mr Enrile's hand was seen behind many of the adverse developments of recent weeks. But she may also have stored up difficulties for the future. Mr Enrile now owes no allegiance at all to the Aquino government. He may prove more dangerous outside the government than within it.

President Aquino still has much running in favour of her administration. The tide of popular goodwill on which she rode to power has not abated. That much was apparent from the reception she was given when she announced her move against Mr Enrile. The Catholic Church, a powerful influence in the Philippines, is still on her side - though less unquestioningly perhaps than before - and she has judiciously cultivated it.

Most important, she continues to command the sympathy of most of the armed forces. They had a clear choice at the weekend between Defence Minister Enrile and President Aquino. General Ramos, the Chief of Staff, came down on

the side of Mrs Aquino and effectively kept her in power.

The price for this support remains to be seen. If it includes, as it appears to, a pledge by the President to break off talks with the communists unless they produce results, the army's misgivings about compromising with the insurgents will have been partially answered. The attraction of Mr Enrile's position will be diminished, and bored soldiers whose attention might otherwise be diverted into politics will be dispatched once more on counter-insurgency missions.

Abroad, the Aquino government's fortunes are still mixed. In granting additional aid to the Philippines, the United States has expressed its confidence in the new government. It has also given political support to Mrs Aquino in carefully timed disclosures about Mr Enrile's financial dealings. But Mrs Aquino's recent visit to Japan yielded little financial assistance and little political assurance. The most important economic power in the region seemed to be unwilling - as yet - to invest too heavily in a government still feeling its way.

The removal of Mr Enrile means that President Aquino has one less obstacle to pursuing the policies on which she came to power and one less excuse for departing from them. The future of the Philippines is now, more than ever, her responsibility.

PRISONS AND POLITICS

Prison policy operates within severe restraints. At a time when crime rates and the prison population are rising, resources are limited by many other claims on public money which are a great deal more attractive and certainly have more weight with most citizens. To place spending on prisons above spending on the classroom or the hospital ward is, understandably, not most people's instinctive reaction.

But as a result, we now have overcrowding in antiquated prisons which operate on standards well below what most people would regard as reasonably humane. This is closely linked with an unresolved argument about what the object of prisons should be, and how it should be achieved.

In the 1960s and 1970s there was a fashionable belief that the major part of the function of prisons was the treatment of offenders with a view to curing them of their propensity to crime. The prison service was seen as in some way comparable to a medical procedure by which prisoners could be enabled to lead a useful life when they returned to society. That fashion has now waned and informed opinion has increasingly tended to be that whatever is provided in prison (as distinct from the fact of imprisonment) makes little difference.

To the extent that this is true, it leaves a kind of moral vacuum, which is dispiriting to prison officers who wish to be more than operators of the mechanics of keeping people locked up. It is comparatively easy to manage a regime for long-term serious offenders. But it is much harder in overcrowded local prisons with medium and short-stay prisoners, some of whom are only there for a matter of weeks, to cater for the wide variety of offenders, with, for instance, training.

Attention has been focussed on all these matters in a report by Mr Ian Dunbar, director of the Prison Department's South-West region, which emphasises the need to define its functions and tasks. "If rehabilitation is one major aim of the prison system, then the functions of the prison service must be defined to make it abundantly clear how to put rehabilitation into practice... Similarly, if punishment is another major aim of the prison system, then definition of the functions must include practical directives as to how best this is to be achieved, making it clear that the conditions of incarceration are not intended as a means of fulfilling the aim of punishment." Overcrowding and bad conditions have clearly contributed to the increase of riots in prisons and the refusal of

prisoners to accept prison discipline. Yet too many people who are rightly concerned to ensure prison discipline are prone to speak as if they were indifferent to the conditions which undermine it. Similarly, advocacy of reform too often carries overtones of reluctance to accept the deterrent and punitive purpose of prison. Answers to overcrowding must include seeking a much greater clarity about who should be sent to prison, what for, and for how long.

A much clearer sense of objectives and moral values in the prison service, with a practical code of standards to implement it, is essential if imprisonment is not to be counter-productive. Unfortunately, government thinking seems restricted to trying to make things as they are work better. This latest report, one in a line of many, invites them to go back to basics. There is little sign that they will do so.

The Home Office reaction is that Mr Dunlop's is a personal report (true enough) to be fed into the policy-making machine for due consideration, which, alas, is probably all it will get. But for this the machine is not good enough. Like all important questions, it is a political matter and ministers would be wise to bring their political thinking to bear on it.

LETTERS TO THE EDITOR

Awacs merits in airborne warning

From Mr Ben P. Pamplin
Sir, The key point Sir Woodrow Wyatt missed in his article, "Why it must be Nimrod" (November 15), is that an airborne early warning (AEW) system should provide the earliest possible warning of attack. The E-3 Awacs (airborne warning and control system) flies higher, stays longer and looks further than any other airborne warning system. The resulting extra 10 minutes of warning is absolutely critical in air defence.

The key to this capability is the aircraft's powerful and accurate Westinghouse radar, with its large antenna and ability to see targets clearly at very long range and to discriminate between targets and clutter. Boeing's 707 airframe was chosen so the radar and operating system design need not be compromised by airframe size and weight limitations unlike competing AEW systems. Continued performance improvements can be easily accommodated by the 707.

GECC's interest in the Lockheed Hercules for export sales is noted. But use of the Hercules airframe would entail very large further development costs and the prospect of viable export business on this basis must be very remote. By contrast, Boeing's 130 per cent offset commitment to the British Government would be a contractual requirement to place high technology work throughout

History lesson to bear in mind

From Dr Martin S. Alexander
Sir, I am interested in the new Institute of Contemporary British History mentioned in your leading article of November 3. Initiatives intended to strengthen history's provision and status in school and university curricula, as well as providing a fresh forum for exchange of information or interpretation, widen access to the discipline and deepen understanding.

Two additional remarks seem necessary at this stage. First, I should wish to sound a cautionary note about excessive further specialisation in the recent history of this country in isolation. As it is, worrying evidence exists that school and university departments and syllabuses are already predominantly concerned with British history (even if this is far from exclusively contemporary British history).

Measures which serve only to underline this existing emphasis, to the detriment of the study of the affairs of continental Europe and the wider world, would cause deep disquiet in much of the historical profession at a time when computerised communications, easier and faster travel, and the "shrinking globe" point to the value for us all to enhance our understanding and sympathy with histories, societies and cultures beyond these islands.

Secondly, your leader asserted critically that the contemporary past (which you defined as stretching from the day before yesterday to 30 years ago), is "ill served by historians... and ill considered by history students". The professional and responsible historian must object that the great bulk of primary sources on this "twilight zone" is hidden from him by the curtain of the "30-year rule", inhibiting our access to the Government archives on which we shall depend in substantial measure for "objective and balanced" studies of the kind you exhort us to produce.

There is, to my certain knowledge, no shortage of scholars hard at work researching and writing on the 1950s. To this, I wager, the queues at the Public Record Office seeking Suez crisis papers next January will amply bear witness.

To hasten scholarly studies of times more recent still you should, I submit, direct your strictures not at the historians but at the office of the Lord Chancellor, ministerial custodian of policy towards "public" records. Yours faithfully, MARTIN S. ALEXANDER, University of Southampton, Department of History, Southampton, November 23.

Role of warships

From Mr Hugh Hanning
Sir, Today's excellent letters by Lord Hill and Mr P. J. Freeman (November 18) stand well together. With luck, we could be on the brink of an overdue debate about not only the best kind of ships for the Royal Navy but also precisely what the Navy is for in the 1990s.

That debate surely belongs to the Foreign Office; but its defence department is too busy with arms sales and related matters to discuss strategy. "These ambassadors expect a frigate over every bloody horizon", one head of the Ministry of Defence complained to me. He meant that they give the Armed Forces 10 minutes notice in a crisis instead of 10 years.

My own belief is that in an era of East-West miscalculation outside Europe, there is a global role for Royal Naval ships in dispelling that miscalculation wherever it may arise. The Endurance showed

in the Falklands that one warship can make the difference between war and peace, and it could happen almost anywhere. For this political role the traditional blue-water escort is not particularly suited, but the short-fat vessel could be, especially if it is cheaper.

It may be that only the North Atlantic makes sense for the Royal Navy; but it is surely a terrible waste of an opportunity to conduct this expert controversy without identifying a peacetime as well as a wartime strategy into which to fit it.

Some in the Ministry of Defence blame the Navy for this lack of clear thinking. I personally don't, because defence should be the servant of foreign policy. But can we just have some agreement on whose job it is? Yours faithfully, HUGH HANNING, 18 Mountpelier Row, Blackheath, SE3, November 18.

Reactor safety

From the Managing Director of the Central Electricity Generating Board
Sir, In the light of your report (November 19) that the Select Committee on Energy is to inquire into allegations, made in *The Times* of November 6, about the safety and costs of the Magnox nuclear power stations, your readers should know that work is now well in hand on developing equipment and procedures to remove and replace the two standpipes affected by corrosion in Reactor No 1 at Hinkley Point A, should that prove necessary.

In a statement published on June 13 last the Central Electricity Generating Board said it had the agreement of the Nuclear Installations Inspectorate to continue operating the reactor, provided the two standpipes were inspected again before the end of the year. Both services are being utilised and there is obviously a place for both such services in most large cities, especially if there is any degree of a drug-abuse problem. Whilst the urgency for establishing such a clinic in Edinburgh was the problem amongst drug abusers I would urge other centres to consider setting up similar clinics before the virus becomes a problem in their drug abusers since this is an important educational measure for "at-risk" individuals. Yours faithfully, R. P. BRETTELL, City Counselling and Screening Clinic, City Hospital, Greenbank Drive, Edinburgh, November 18.

Fight against Aids

From Dr R. P. Brettell
Sir, The model counselling and screening service suggested by Mrs Kanabus (November 17) has been running in Edinburgh for the last 12 months. Whilst the majority of patients attending have been concerned with drug abuse, at least 20 per cent are not and have obviously chosen to attend such a clinic.

One of the original aims of this clinic was to divert individuals away from the blood transfusion service. Edinburgh also has a separate genito-urinary medicine clinic which provides a full range of services together with a counselling and screening clinic for the Aids virus.

Records on tape

From Mr R. J. M. Perring
Sir, Mr Patrick Isherwood (November 17) has done us all a service in pointing out the risk that Bernard Levin's latest book (*In These Times*) may be subject to illicit photocopying. Surely the logical way to prevent Mr Levin and other owners of copyright from suffering the deprivations brought about by such piracy is to impose a levy on the sale of all paper, to be paid over to the Society of Authors.

While we are about it, should we not also have a levy on all tools and implements which might be used in housebreaking? to be paid to the insurance companies? Yours etc, R. J. M. PERRING, 27 Park Drive, Ingestre, Essex, November 17.

From the General Secretary of the British Evangelical Council
Sir, I have no doubt that the music industry is losing revenue by illegal copying of recordings tapes as other correspondents have indicated in response to Mr Bernard Levin (November 10). No one, however, has drawn attention to the extensive use of these cassettes by churches for recording Sunday services. They are then listened to at home or

History lesson to bear in mind

From Dr Martin S. Alexander
Sir, I am interested in the new Institute of Contemporary British History mentioned in your leading article of November 3. Initiatives intended to strengthen history's provision and status in school and university curricula, as well as providing a fresh forum for exchange of information or interpretation, widen access to the discipline and deepen understanding.

Two additional remarks seem necessary at this stage. First, I should wish to sound a cautionary note about excessive further specialisation in the recent history of this country in isolation. As it is, worrying evidence exists that school and university departments and syllabuses are already predominantly concerned with British history (even if this is far from exclusively contemporary British history).

Measures which serve only to underline this existing emphasis, to the detriment of the study of the affairs of continental Europe and the wider world, would cause deep disquiet in much of the historical profession at a time when computerised communications, easier and faster travel, and the "shrinking globe" point to the value for us all to enhance our understanding and sympathy with histories, societies and cultures beyond these islands.

Secondly, your leader asserted critically that the contemporary past (which you defined as stretching from the day before yesterday to 30 years ago), is "ill served by historians... and ill considered by history students". The professional and responsible historian must object that the great bulk of primary sources on this "twilight zone" is hidden from him by the curtain of the "30-year rule", inhibiting our access to the Government archives on which we shall depend in substantial measure for "objective and balanced" studies of the kind you exhort us to produce.

There is, to my certain knowledge, no shortage of scholars hard at work researching and writing on the 1950s. To this, I wager, the queues at the Public Record Office seeking Suez crisis papers next January will amply bear witness.

To hasten scholarly studies of times more recent still you should, I submit, direct your strictures not at the historians but at the office of the Lord Chancellor, ministerial custodian of policy towards "public" records. Yours faithfully, MARTIN S. ALEXANDER, University of Southampton, Department of History, Southampton, November 23.

Financing the NHS

From Dr M. J. Weston
Sir, The politicians tell us that doctors and nurses control 63 per cent of NHS costs and that a 1 per cent reduction in this would give another £70 million per annum; on the other hand, the cupboards in the Guy's casualty department are empty of slings (reports, November 5). How much more blood does the Government think can be squeezed out of the NHS stop?

The Mid Essex Health Authority is trying to find ways of financing centralization of its hospital services on one site at Broomfield, and a year ago I made a proposal to purchase the Chelmsford and Essex Hospital, giving the authority the extra funds that it needs and the chance for a proper sharing of buildings and manpower.

A year later, still nothing has happened. Morale in the Chelmsford and Essex Hospital has fallen with the uncertainty about its future, and talented and trained nurses have drifted away. Opportunities to inject capital into the NHS from outside must not be lost. There is nothing further to be squeezed out of the service as it now stands without further reduction in patient care. Yours faithfully, M. J. WESTON, Chelmsford & Essex Hospital, London Road, Chelmsford, Essex, November 5.

Diplomatic immunity

From Mr J. G. W. Thring
Sir, Last night's BBC2 programme highlighting abuse of diplomatic immunity in London, *CD - Beyond the Law*, demonstrates again, should that be necessary, the ineptitude of the Foreign Office. To suggest that the community at large may have to suffer for the benefits bestowed by the principle of diplomatic immunity is possibly so, but to expect individual citizens to bear the brunt is grossly unfair.

A solution to the effects might be that the British Government be financially responsible for the results of the appalling behaviour of some foreign diplomats. Should a foreign diplomat or government not be prepared to surrender to the jurisdiction of the British courts, then they should be tried in *absentia* and if found guilty any damages awarded should be paid by the British Government. This might make the Foreign Office wake up to the problem and take action.

It would be interesting to know if British diplomats violate their host governments' laws around the world. Yours faithfully, J. G. W. THRING, Roslyn House, Dormansland, Surrey, November 15.

ON THIS DAY

NOVEMBER 25 1791

The marriage was between Frederick, Duke of York, the second of George III's nine sons, and Frederika, daughter of Frederick William II, King of Prussia (1744-1797).

DRAWING-ROOM

As we predicted, the DRAWING-ROOM yesterday at St James's was crowded with all the Nobility, elegance, beauty and fashion in town, and appeared not at all inferior to the most brilliant assemblage we have ever witnessed there.

The cause certainly justified the magnificence of the scene. The marriage of one of the expectant heirs to the British Diadem, with the consent of the Court, and the universal approbation of the public, was something new in the present reign, and as their MAJESTIES have every domestic reason to rejoice in the event, and the public consider the near relationship, by which the interests of this country are now connected with those of Prussia, a most happy circumstance, it is but natural to suppose that all parties would unite in paying their compliments of congratulation to the Sovereign and his family.

The Ladies, it being the RIGHTS OF WOMEN so to do, decked themselves out on this bridal occasion, in all that could tend to captivate the surrounding circle, and gain the attention of their new made illustrious fellow subjects. "By art of elegance and polished shew". Nor did this attention pass unheeded. Her Highness looked round with astonishment, but not with envy, at a selection of female beauty not to be paralleled in any other Court of Europe...

THE DUCHESS OF YORK... The Princess is below the middling stature; her complexion delicate and pure clear; her person rather inclined to the *en bon point*; but perhaps this is owing to her not wearing such tight stays as the English Ladies; her countenance, though not regularly beautiful, is animated and interesting, and she has good eyes. Her manners appear to be very amiable, and she shows a great share of good-nature in all her actions.

Her Royal Highness's dress was extremely costly, and she was profusely ornamented with diamonds. The body and train were of white satin, embroidered with silver spangles and trimmed with a silver fringe and deep point lace. The petticoat was of white crape, simply embroidered, with silver spangles and fall strops in pearls and shells, and trimmed with a rich silver tasselled fringe round the bottom. Over the petticoat was a drapery embroidered the same as the petticoat. The dress was further ornamented with festoons of white satin roses and silver oak leaves. Large bouquets of white roses and silver wheat-ears hung over the drapery, and were tied up with silver cord and tassels.

On the whole, her Royal Highness's dress was more magnificent than tasteful, for it appeared over-loaded with embroidery. The jewellery worn by her Royal Highness was extremely costly. It consisted of a very superb necklace of pearls in large festoons, elegantly fastened together in three places with large brilliants of great value; her Royal Highness wore likewise a large bouquet, composed wholly of diamonds, which we understand Mr. Jefferies, the jeweller, sold to the KING OF PRUSSIA.

LADY ASCLIFF... Was by far the most elegant and best dressed Lady at Court; she wore a white satin dress, richly ornamented with gold and silver. Over the petticoat hung wreath of oak leaves and acorns, and the bottom was trimmed with a rich tasselled fringe...

[We have only noticed those Ladies dressing which appeared new to us, and made up for the occasion. There were but very few new suits of cloths, though the Ladies were, in other respects, dressed in a very splendid manner, and went to Court in the full state of a Birth Day. Coquelicot, or poppy, was the colour most worn; the cape were of white and black velvet, in the shape of a helmet, and ornamented with feathers and coquelicot coloured flowers...]

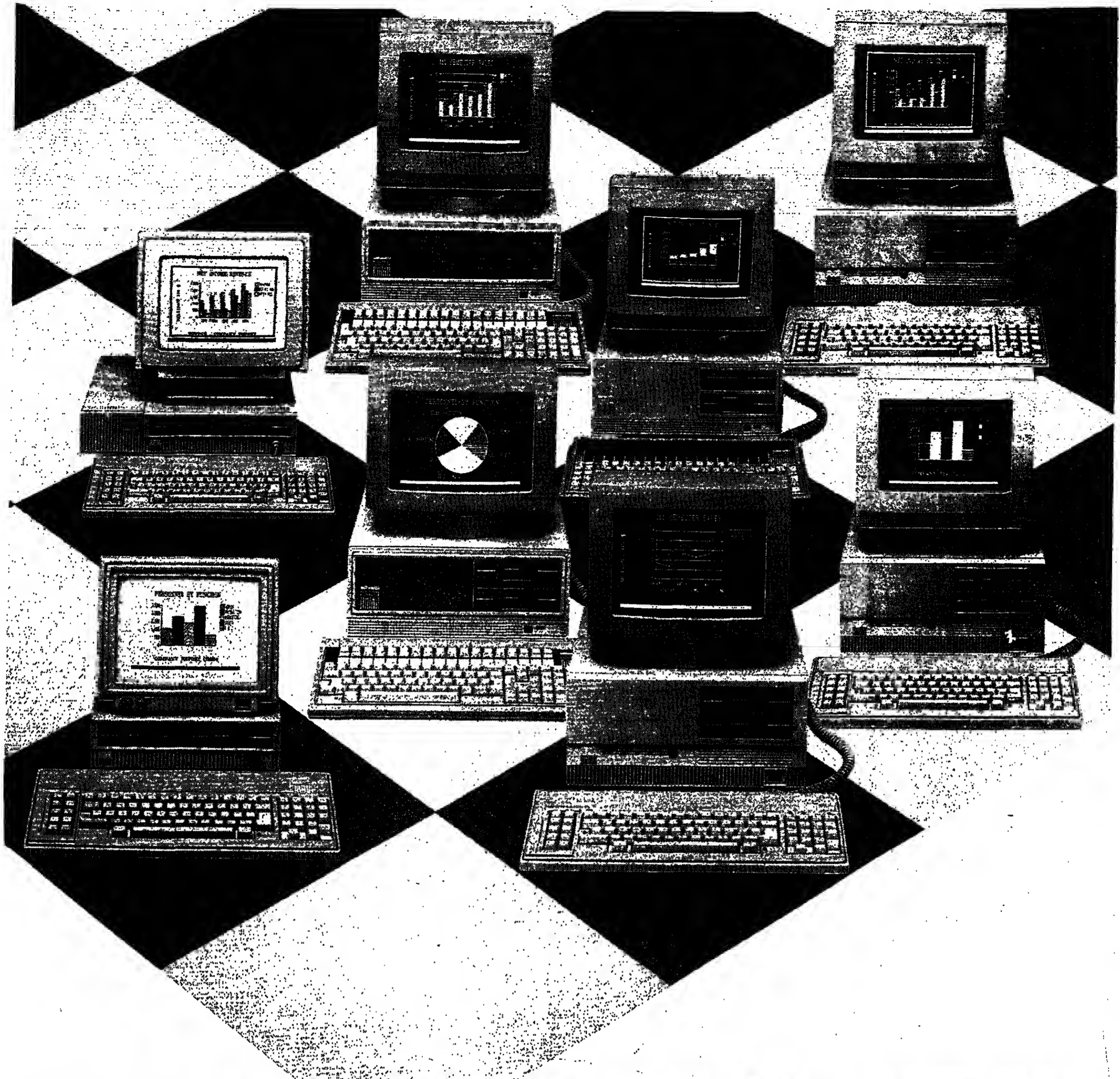
Competitive sport

From the Headmaster of Queen Mary's Grammar School, Walsall
Sir, Your leader, "A question of sport" (November 17), failed to mention that success in competitive teamgames is not possible without cooperation and unselfishness. These are educational benefits which the anti-team sports lobby would do well to ponder. Yours faithfully, K. G. HOWARD, Headmaster, Queen Mary's Grammar School, Walsall, West Midlands.

Murky waters

From Mr Val Sharmán
Sir, It would seem that England is more fortunate than Germany in the matter of river pollution (Dr J. J. Grant's letter, November 15). In my junior geography class of yesterday in Lincolnshire we were made to chant the following ditty: The Witham, the Welland, the Nene, Ouse and Glen Are five British rivers that flow through the Feo. They are, we are told, As clean as can be, Since they go through the Wash Before reaching the sea.

Not perhaps up to the standard of Mr Colveridge, but we do seem to have an advantage over the unfortunate Rhine dwellers. Yours faithfully, VAL SHARMÁN, 119 Manor Road, Mitcham, Surrey.



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Desktop finally comes of age

This month could well be remembered as the one in which desktop publishing, or DTP as it has been dubbed by the industry, moved from the world of fad to an established sector of the computer industry.

DTP is generally understood to be the business of getting people to produce entire business reports and newsletters using a personal computer, special software and a high-resolution laser printer.

Big microcomputer hardware and software firms such as Apple, Apricot, Microsoft and Dataproducts have been falling over one another in recent weeks to make clear their commitment to this growing niche market.

Numerous seminars and desktop publishing shows have resulted. The British firm Apricot is the most recent entry with its desktop publishing systems based around the Apricot Xen-1 PC. Apricot believes so heavily in the importance of DTP that it has established a new division devoted entirely to packaging and selling such systems.

"The PC desktop publishing solution will revolutionize document production in the same way spreadsheets revolutionized financial planning a few years ago," claims John Lettich, director of the new division.

Apricot's system - like those from Apple and others - starts at about \$6,000 for a setup that includes a Xen-1

THE WEEK

By Geoff Wheelwright

computer with laser computer printer and desktop publishing software.

Despite the excitement desktop publishing has generated among manufacturers and software companies, it is not clear yet whether there is the same degree of interest among the general computer-buying business community.

Some in the computer industry - notably those adopting a cautious approach to DTP - suggest that desktop publishing will be a very short-term market, until companies traditionally involved in the word-processing software market get round to putting DTP-style features in their applications.

To some extent that has already happened, with Lotus, Microsoft and Micropro all announcing laser-printing and DTP-style support for all their new word-processing packages.

But some, such as Microsoft, are hedging their bets by supporting DTP as well as new high-powered word-processors.

Microsoft last week announced a deal with Aldus UK to try to establish a desktop publishing standard for the IBM PC and lookalikes, such as the Amstrad PC1512.

The centrepiece of the agreement is to promote the use of Microsoft's Windows picture-oriented operating system with the PC version of Aldus Pagemaker desktop publishing software.

"We estimate that over the next 12 months, no fewer than 20 different manufacturers will announce DTP systems," says Microsoft marketing manager Fiona Kelly.

Ironically, the biggest competition Microsoft will face is the Apple Macintosh implementation of Pagemaker which has, so far, virtually been a runaway success for both Apple and Aldus, helping to restore financial health to a once-troubled Apple and making a name for Aldus as the software leader in the DTP market.

Events

Micros in Design, Design Centre, Haymarket, London SW1, now until December 19 (01-838 8000)

People and Technology, Queen Elizabeth II Conference Centre, Westminster, London, today until Thursday (01-727 1929)

CIMAP - Factory automation, National Exhibition Centre, Birmingham, December 1-5 (01-891 3428)

Interactive Video, Metropole Hotel, Brighton, December 9-11 (01-847 1847)

A standard for professionals

TRAINING

By Eddie Coulter

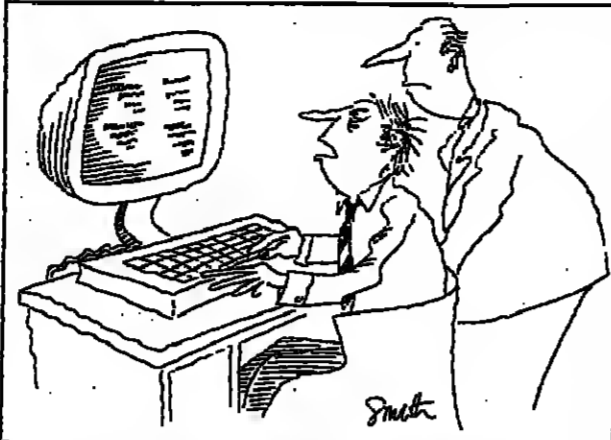
A new initiative, aimed at providing a formal training and career development programme for computer services staff, is being finalized by the Computing Services Industry Training Council, COSIT.

The move has been discussed with the British Computer Society, the Institution of Electrical Engineers and the Engineering Industry's Training Board.

Its aim is to provide a qualification standard of professional status in information technology similar to that of a chartered engineer.

A draft report outlining the scheme is being studied by a COSIT working party consisting of senior representatives of the computing services industry. After refinement, the recommendations will be circulated to the 200-strong membership of COSIT with the aim of official adoption by early next year.

It could prove to be a valuable standard for data processing as a whole, steered by the high quality software sector of computer services. Leading organizations are



"I've fed it all my qualifications and CV and all it comes up with is an endless list of drole offices!"

represented through COSIT such as British Airways, Olivetti CAP, the Corporation of Lloyd's, Coopers & Lybrand, Digital Equipment, GEC, Logica, Plessey, STC, Thorn-EMI and the Trustee Savings Bank.

Adoption of a new formal business qualification providing letters after an individual's name has been sought for information technology staff for a number of years.

The nearest recognized qualifications that exist - membership of the ICS or the IEE - do not reflect the

mainstream activities of many of today's computer services people, particularly in software development and the associated management skills needed.

"The computing services sector has recognized the need to stimulate immediate recruitment and establish career standards for staff," says Gordon Ewan, director of COSIT.

Computing services is one of the fastest growing sectors of the economy generating £1.5 billion in revenue in 1985. Including autonomons

computing centres it employs 90,000 people.

The new training standard proposes a combination of formal and informal training, coaching and related work experience.

The scheme will be open to entrants of organizations which, in COSIT's opinion, provide the necessary environment to enable participants to receive the desired standard of training.

No specific educational qualifications will be needed, although the recommended programme is aimed to provide a certified standard at the end of four years considered achievable by participants of graduate level ability.

Technically, everything from computer languages through communications and data bases to expert systems and structured methodology will be covered. Progress will be monitored by COSIT with approved supervisors in companies and the maintenance of detailed working log books by participants.

Already operating a pilot grant-aided training programme backed by the Manpower Services Commission, COSIT hopes that the new professional programme may also attract MSC grant aid

Wang the younger becomes top man



Frederick Wang: strategy and products in line

Wang Laboratories has announced that Frederick Wang, the 36-year-old son of its founder, had been named president of the US maker of computers and office automation equipment.

An Wang, 66, the company's chairman and chief executive, has been serving as president since last year after John Cunningham resigned.

Mr Cunningham was said to have left because he felt he had no chance to become chief executive since the younger Wang was widely viewed as his father's successor.

An Wang said he had no plans to retire and would

PEOPLE

continue active participation in the company as chairman and chief executive.

His son has been with the company for 14 years, most recently serving as treasurer, a post he will retain, and executive vice-president.

Wang Laboratories has been under pressure in the

body competitive computer business. During the last quarter it reported a £20 million loss. In the current quarter, Frederick Wang said: "We continue to see the quarter as a tight-demand marketplace, but it's a little to early for us to comment on results."

He added: "The key thing right now is that we've got our strategy in line and our products in line."

The younger Wang will take responsibility for all principal line functions, including

world-wide marketing, sales, service and support operations as well as manufacturing, treasury and research and development, the company said.

He is a graduate of Brown University and has held a number of management positions with Wang since he joined in 1972. He has been a director since 1981.

In its last fiscal year, Wang had revenues of \$2.64 billion. But it dreams of becoming a \$5 billion company.

Jaguar sells its jobs at the fair

There was an odd sight among all the usual industry sales talk and hype that surrounded the recent annual Compec trade fair at Olympia, writes Geoff Wheelwright.

Amid the likes of Apricot, Siemens and other traditional computer industry players was a small stand for Jaguar Cars.

But unlike almost every other display at the show, Jaguar was not trying to sell anybody either computer hardware or software. Instead, it was peddling the idea of how nice it is to work for one of the country's oldest sports car manufacturers.

In a brochure distributed at the exhibition, the company made it quite clear just how keen it is to find the right people from the computer industry to help run its new Advanced Engineering Centre at Whitley in Coventry.

When fully completed at the end of 1987, the new centre will handle Jaguar's product engineering functions and a corporate data centre for Jaguar's IBM mainframes.

"The demand for manufacturing engineering, as a result of our future model programme, will increase as exciting product designs are turned into cars for the customer," said the company.

Jaguar even went so far as to enclose information about a selection of recent homes for sale in the Coventry area - extolling the virtues of cheaper living 'outside London.

The fact that the company has gone this far just to get computer staff points to the desperate demand for qualified systems experts.

At Jaguar that demand will largely involve those in the development and manufacturing processes of its latest line of luxury cars.

Robotics-based computer aided design and computer aided manufacturing systems are used at Jaguar, along with statistical process control to monitor the production of various components.

Jaguar is obviously hoping its glamorous image will help to attract the often young breed of computer programmer and systems expert that they need to remain competitive.

High Technology in Education, Barbican, London, January 21-24 (01-608 1161)

Videoex User Show, Barbican, London, January 28-30 (01-608 1161)

Dexpo Europe, Olympia 2, London, March 3-5 (01-486 1951)

Computers in Retailing, National Exhibition Centre, Birmingham, March 11-13

Cadcam 87, Metropole Hotel, NEC, Birmingham, March 24-26 (01-608 1161)

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COMPUTER HORIZONS/2

Britain is lost without MAP

British machine tool makers are in danger of losing out to American products because their equipment is not compatible with differing high-tech devices, according to a report by the National Computing Centre and Amtec.

The survey of 700 companies reveals a disturbing lack of knowledge of MAP (manufacturing automation protocol) throughout industry.

In America, General Motors, faced with the difficulty and expense of developing interfaces to connect varying brands of factory devices, initiated a system called manufacturing automation protocol (MAP).

The system is gaining rapid acceptance in the US and the corporation makes it a condition of business that suppliers of parts adopt such technology for their machines.

The specification is based on the concepts of the Open Systems Interconnection (OSI) seven-layer model, the

● A survey just completed by the National Computing Centre and Amtec of 700 companies has revealed a disturbing lack of knowledge of MAP (manufacturing automation protocol) throughout British industry. *Alastair Gault reports*

subject of continuing development by International Standards Organization (ISO) committees.

These interfaces are widely available from such companies as Intel and Motorola. When fitted, they add relatively little to the cost of a machine tool costing, say, £500,000, while greatly increasing the product's export potential.

According to the survey, many suppliers say they are waiting until MAP becomes "a stable product".

But the picture is not universally gloomy. Some of Britain's larger manufacturing companies are already in-

students are to be able to help industry use such standards in the future.

Another protocol, TOP (technical office protocol), is now coming on to the scene. Initiated by Boeing, it is two years behind MAP in development but the US is trying to bring together TOP and MAP.

MAP has also become an important element of Esprit, the European-wide information initiative. Participants in the computer networks for manufacturing applications project - including British Aerospace, Peugeot, GEC, Siemens, Nixdorf and the Fraunhofer Institute in West Germany - are developing a working manufacturing system, based on MAP, to be shown at the Hannover Fair next year.

They are also planning to build such a system into the British Aerospace plant at Preston.

More imminent is the CIMAP event being held next month (December 1-5) at the National Exhibition Centre in Birmingham. The conference and exhibition programme will for the first time, in the UK, emphasize the relevance and place of advanced technology in the manufacturing and office environment.

Participants will include GEC, ICL, British Aerospace, Tube Investments, Ferranti, British Telecom and the NCC, together with a number of UK subsidiaries of US companies such as IBM, DEC and Motorola.

Details: For more information on CIMAP contact Independent Exhibitions, 154 Heath Road, Twickenham, Middlesex TW1 4BN. Tel. 01-891 3426.

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Drawing a blank on protection

By Frank Brown

Proponents of the proposed levy on blank music tapes were not the only ones disappointed with the omission of a new copyright legislation from the Queen's Speech at the recent opening of Parliament. The Federation Against Software Theft (FAST) was also dismayed, but for different reasons.

Even the Information Technology minister Geoffrey Pattie, the sponsorship minister for copyright, expressed his regret in a letter to the Confederation of Communications Industries (CICI), the industry-backed organization which liaises with the Government on copyright matters.

One of the 28 trade associations which belongs to CICI, FAST is opposed to the tape

levy, but strongly believes that proposed copyright legislation contains much of vital importance to the computer industry.

FAST's chairman, Roger Tuckett said: "Intellectual property rights are crucial for the development and protection of UK high technology industries. Without effective copyright protection, UK jobs, investment and innovation will suffer," he warned.

The proposed blank tape levy would not solve the problem of software piracy, Mr Tuckett contended, because home computer users would be unlikely to distinguish between audio and computer tapes and would regard it as a licence to copy programs.

Many of the measures necessary to provide copyright protection for software are embodied in the Copyright (Computer Software) Amendment Act 1985.

Rental is a major problem in the US, where user clubs and others rent copies of complicated programs at 10 or 20 per cent of the full price for a day or so.

In Britain, rental is a problem which affects computer games, but it could spread to business software, particularly if libraries start to offer software rental services. They have not done so as yet but only because they do not have the funds.

FAST wants the burden of proof shifted to the defendant in criminal law because proving copyright can be a long, tedious and costly process involving identifying the people that actually wrote the programs. This often means going back to the country where it was written, usually the US.

In law, the fact that a company puts a piece of computer software on the market does not in itself prove that the company owns the copyright, to prove copyright, it has to identify each of the individual programmers, and prove that they were company employees at the time.

The copyright position of computer generated output like documents, drawings, programs and other works produced by computer, needs clarifying because present copyright law gives protection only to human authors.

A computer generated share listing, or a crossword puzzle produced entirely by a computer, for example, cannot be



Roger Tuckett: warning on UK jobs

FAST wants the burden of proof shifted to the defendant in criminal law because proving copyright can be a long, tedious and costly process involving identifying the people that actually wrote the programs. This often means going back to the country where it was written, usually the US.

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The copyright position of computer generated output like documents, drawings, programs and other works produced by computer, needs clarifying because present copyright law gives protection only to human authors.

A computer generated share listing, or a crossword puzzle produced entirely by a computer, for example, cannot be

said to have a human author. The computer generated output issue also affects software packages, because artificial intelligence techniques may generate things that are valuable, and fourth and fifth generation programming languages may themselves produce computer programs without human intervention other than feeding in application requirements.

The need for copyright protection of microchip designs, says FAST, has been made necessary by the rapid development of technology. Hitherto they have been difficult to copy, because the actual chips are so tiny and, being encased in plastic, are virtually impossible to get at.

But now etching techniques are being used to overcome this difficulty.

Although FAST sponsored the 1985 Act, it is collaborating with the Confederation of Communications Industries to press for the copyright legislation it wants.

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Clear career progression with excellent support package offered by this rapidly growing organisation. These excellent opportunities exist for ambitious sales professionals looking for additional earnings potential, an extensive benefits package and realistic career progression.

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Clear career progression with excellent support package offered by this rapidly growing organisation. These excellent opportunities exist for ambitious sales professionals looking for additional earnings potential, an extensive benefits package and realistic career progression.

REF: TV 2318
£35,000 OTE
£20,000 BASE

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IBM 4150 + PEG SOFTWARE
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Progressive and successful company in the field of micro solution sales has recently been authorized to sell the IBM 4150. Full support teams have been successfully recruited and the company is now looking to recruit additional sales executives. Successful candidates will be required to demonstrate a consistently high level of achievement in a relevant sales field and be prepared to accept a high level of responsibility. You will have a knowledge of production control and its application, above all successful candidates will have excellent communication skills and the will and motivation to succeed.

Clear career progression with excellent support package offered by this rapidly growing organisation. These excellent opportunities exist for ambitious sales professionals looking for additional earnings potential, an extensive benefits package and realistic career progression.

REF: TV 2318
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All of these positions have been created in Sheffield. If you don't know the area already, the beauty and tranquility of the Peak District will soon become apparent to successful applicants. Rest assured, you will get the relocation assistance you need.

So if the idea of fresh air and a fresh challenge appeals and you think your capabilities match our needs, apply now by ringing one of our Independent Recruiters on either 01-994 3478, 01-995 6167 or 01-940 2303. Alternatively write to Derek Miers at the Midland Bank plc, Poultry, London EC2P 2BX.

Real-time Banking

The ability to develop...

Fail-safe features keep the ball rolling

By Richard Sarson

The ex-Burroughs side of Unisys, the newly merged Sperry-Burroughs, has announced two fail-safe features on their A Series mainframes.

One they call the MirrorDisk, which writes all data on up to four disk units continuously, so that if one fails, the others take over automatically.

The other new feature makes it possible to change the shape of a communications

network, while the network is in use. Thus, new terminals can be installed without closing down the whole system.

The A Series is directed largely at financial markets, and the last few weeks in the City of London have demonstrated how important continuous running is to the financial community.

Unisys has also announced two low end models in the A Series, the A2 and A5. The range was originally announced in 1984, and now gives a range of power, in IBM terms, from the System 36 up to the 3090.

Unisys has sold the Sperry Aerospace Group to Honeywell for over a billion dollars subject to government approval. The aerospace group has a turnover of about \$700 million per year and employs over 9,000 people.

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COMPUTER HORIZONS/3

Important sounding titles can mislead

A cheaper way to spin a disc

Beware the job title. It is becoming increasingly known for some companies to create bogus but important sounding titles...

Though by no means applicable to the majority of jobs in the computer industry it is particularly true for one particular job title description advertised - that of the project manager.

Recent recruitment advertisements for this elusive animal indicate just how much the master of data processing disguise a project manager must be.

Salaries indicated are from £12,000 to £35,000 per year or more. Even allowing for regional and size of company-responsibility differences...

Why such a disparity for what seems to be the same type of job? A glance at the requirements stated for such posts, reveals the answer.

Take some hypothetical advertisement typical of those appearing recently.

1. Project manager to lead a small team of young programmers developing applications for 'X' computer in a progressive distribution company.

Knowledge of distribution beneficial but not essential. Salary £12,500 pa.

2. Project manager for sales and marketing department of leading 'Y' manufacturer. You will apply the latest technology using an 'X' system to develop and manage systems to produce information in support of the sales function.

3. Project manager in major insurance company responsible for definition, scheduling, budgeting and leading the development of information systems requirements.

You will need to be a graduate who has had formal training in business disciplines and project management.

A track record of team leadership and successful implementation of projects is required.

A good understanding of data processing and information technology is also needed, but is less important than proven management skills and knowledge of the insurance business. Salary £35,000.

Three jobs for three entirely different salaries and roles, yet all with the same title. Which is the project manager? The third job is without doubt. The second, maybe - or could equally be manager of marketing information systems.



Mike Cordingley, Director of Personnel Resources Hoskyns Cray

"In our view, project management is very much a management discipline in its own right," explained Richard Smith, a managing consultant with Price Waterhouse.

The principle can be applied equally to data processing as to any other area. Computer requirement advertisements are often incorrect.

"Real project management requires special skills to define the objectives then complete projects on time and within budgets. Data processing people are more concerned with technical details than with driving projects through.

Real project management involves defining the objectives of a project, and its effect on, and operation within, the organisational structure of a company.

Each project outside then requires a detailed plan which must establish the work principles and people involved, the schedules of implementation, structure of resources and facilities and also the costs of each activity level.

If the project itself is within the computer environment, then naturally an understanding of information technology and the IT life cycle is needed.

Bearing in mind that project management is a discipline within itself it becomes a function of responsibility within a job or the job itself.

"We tend to think of everything as a project," says Michael Cordingley, director of personnel resources at Hoskyns.

"All of our professional staff are given formal training in project management and may well be project managing whether they are a technical consultant, principal consultant or director of the company."

It appears therefore that the level of responsibility is what determines a project manager's salary.

With several years of DP experience and project management training you may find yourself as a project manager (or leader on a larger project) supervising say three or four staff.

With four or five years project management experience you may be controlling up to 12 people and earning up to £20,000 per annum.

Between £34,000 and (more likely in consultancy) £35,000 you could find yourself as project manager with up to 50 or more people involved.

Depending on the type of project work, DP experience is less important than the management discipline experience of project management.

Training in project management is possible as part of a grant-aided scheme operated for computer services companies through COSIT (Computing Services Industry Training Council), Victoria House, Vernon Place, London WC1B 4DP. Tel: 01-242 5049.

A West German maker of compact discs said today it has developed a process which would slash the relatively high cost of making the records.

But demand for compact discs, which reproduce music and are increasingly being developed to store computer data, is outstripping supply so there is little chance that prices will fall soon.

Teddec Schallplatten said its new Direct Metal Mastering technique meant that compact discs could now be made at traditional cutting studios and record plants. It said it did away with a need for clean room conditions, like those in an operating theatre, needed until now.

Compact discs have involved investment in processing plant ten times higher than for conventional black vinyl records.

A compact disc stores sound or information as a digital signal which is then decoded by a laser beam in a compact disc player. The signal can give exact reproduction of the original recording and is not affected by scratches to the surface.

UK Computer Press Awards sponsored by HEWLETT-PACKARD and THE TIMES

The winners of the UK Computer Press Awards, jointly sponsored by The Times and Hewlett-Packard, will be announced tomorrow night at Claridges.

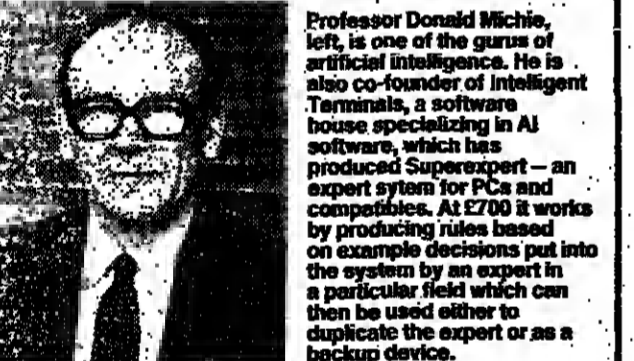
Protest looms over chip prices

Under pressure from US government officials, the Japanese government has ordered Japan's semiconductor makers to raise sharply the price of chips they sell to Europe, Southeast Asia and South America.

The move seems likely to raise protests among users of chips, both in Europe and the US. European officials have complained that their countries should not be forced to pay higher prices for the components - simply to help US industry.

Electronic yellow pages

For years, computer manufacturers have been talking about the imminent arrival of CD-ROM, compact discs that can hold more than 540 million characters of data in "read-only" memory.



Professor Donald Michie, left, is one of the gurus of artificial intelligence. He is also co-founder of Intelligent Terminals, a software house specializing in AI software, which has produced Superexpert - an expert system for PCs and compatibles.

Shutting out terrorism

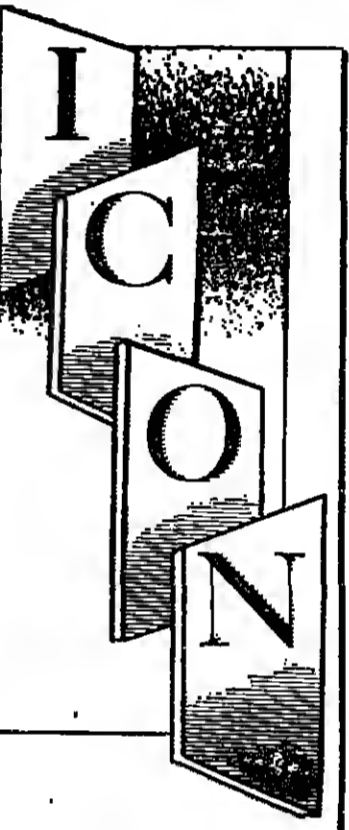
Computer installations are increasingly being seen as potential targets for terrorist attack judging by the sort of products available to protect them.

Crossing wires at Kodak

A newly hired Eastman Kodak worker in the state of New York has been accused of using a computer in his home to disable nearly 4,700 telephone lines feeding the company's largest manufacturing plant.

WHATEVER YOUR DP BACKGROUND - CALL US

Job advertisements for Analyst Programmers, Systems Analysts, Experienced Graduates, Business Analysis, and C/fortran Programmers. Includes locations like City, London, Berkshire, Surrey, and various salary/benefit packages.



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HORIZONS

A guide to job opportunities

And the forecast tonight...

They could have arranged better weather for my visit. It was pouring with rain when I arrived at the Meteorological Office in Bracknell, Berkshire.

The Met Office is a Ministry of Defence establishment, part of the Air Force Department - not because it does work for the Armed Forces - but for historic reasons. As the RAF expanded immediately prior to the Second World War, a bigger meteorological service was required.

Bracknell is the headquarters, employing about 1,000 staff, with a further 1,500 scattered throughout the UK as far afield as the Shetlands and Cornwall. Most people think of the Met Office in terms of weather forecasting, but it has two roles: forecasting and research - in meteorology, geophysics and into better methods of retrieving and interpreting information.

One example I was given was that of the much improved pictures now available on TV weather forecasts, due to computer enhancement of pictures.

Weather - and the problems it can cause are international. It must be one of the few topics on which international cooperation is readily given and one area of research to which several countries contribute expertise and expense rather than duplicating effort.

To provide forecasts, accurate observations at both ground and atmospheric levels are essential. Some are made by eye: others by the latest technology. The Met Office has varied

One of the few areas of true international cooperation

sources: automatic weather stations, manned land stations, four thunderstorms tracking centres and ocean weather ships.

The Merchant Navy, coastguard service, civil and military aircraft too, rely information to the Met Office. Then there are radiosondes (packages of instruments carried to a height of 20 or 30 kilometres by balloon). All the data is sent to Bracknell for analysis and interpretation.

That is in the UK. Cooperation is truly international. In the World Meteorological Organization, Washington, Melbourne and Moscow are the primary data centres. Bracknell and Washington are the primary forecasting centres.

Bracknell, as an "important regional hub on the main trunk circuit of the meteorological system" is also responsible for coordinating data from several European countries and weather ships and for relaying information between the USA and other European "hubs."

Information is exchanged in a standard international code - and very quickly. An observation taken at Heathrow can be round the world in minutes. Costs are spread. Satellites - polar orbiting or geostationary (at fixed points 36,000 kilometres above the equator) are paid for largely by the American and European space agencies.

Weather, and the many problems it can cause, are international. The climate is one of the few areas where there is real cooperation between nations.

Beryl Dixon examines a career at the Meteorological Office

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Beryl Dixon examines a career at the Meteorological Office

Our Met Office college has students from all over the world, and one Chinese meteorologist is on secondment at Bracknell.

Who is all this information for? A surprisingly wide range of customers use the UK Met Office. It is the state meteorological service and as such is responsible for providing a service to government departments.

The RAF has remained one of its leading users, as is the Army, although the Navy has its own meteorologists, using Met Office-supplied information. It is fairly well known that the BBC weather men and women are Met Office staff.

TV companies in contrast employ their own forecasters, but many of the presenters seen daily on the screen have Met office backgrounds. Though the Met Office has remained part of the MoD, it has been under orders from a parliamentary committee to become more commercial.

As a result it is no longer simply a spending department but recoups a proportion of its budget in fees. Tailor-made services are provided for industries for which long and short range weather forecasts are crucial: aviation, shipping, building, agriculture and gas and electricity.

You might not consider gas as a particularly weather sensitive industry until you think of the operation and safety of off shore platforms in the North Sea or the advance information needed to coordinate gas supplies in cold weather.

Other clients include local authorities who need to know when to grit roads, farmers whose entire livelihood is affected by weather, builders with scheduling problems and the transport industry.

The public, of course, has access to general forecasts through radio, TV, Press and now Teletext. The weather people, incidentally, are proud of their record. They know they are remembered for the occasions when they get it wrong, when it did rain on the day of the fête, but they claim an 85 per cent success rate in short-term forecasting, so good in fact

that some American airlines use the British Met Office in preference to their own services.

The Met Office has to be competitive. It doesn't have a monopoly. There are a few commercial competitors, particularly in providing forecasts for the off-shore industries, and one recently started national newspaper buys its weather charts from another organization. In view of this, the Met Office now has a marketing department charged with expanding existing services and developing new ones.

What qualifications are needed to join the weather people? A good scientific background is the answer. I asked whether candidates tended to believe geography was the open sesame.

"Please," was the heartfelt reply, "do all you can to scout that one. In our eyes geography is not very appropriate. If it is combined in a degree course with maths or physics, it may be acceptable, but not alone."

Professional meteorologists are members of the Scientific Civil Service, and graduate entrants should therefore hold a degree in maths, physics or meteorology, (usually combined with maths or physics). Certain environmental science syllabuses which contain modules in hydrology and climatology may be acceptable. School leaver entrants need A levels in physics and maths.

Graduates are recruited by the Civil Service Commission, normally in the

Graduates normally start working on research

spring term. Thirty vacancies a year is the average but in summer 1987 the target will be 50. Some recruits will have first degrees; others may have taken MScs in meteorological or atmospheric sciences.

Whatever their discipline, they are unlikely to start in forecasting. That comes with experience. Graduates normally begin in research, usually quite happily, since the projects, currently including the effect of hills on airflow, sulphur concentration in rain and the development of numerical models of the atmosphere, to name but a few, are of considerable interest.

School leavers are normally recruited at a minimum age of 18, because of shift work and because if they have A levels they can commence studying for BTEC Higher Certificate in maths and physics or in maths, stats and computing. They are recruited direct by the Met Office, adverts appearing in the national press. The Met Office is strong on training and has its own college near Reading as well as links with several universities.

Information, including a comprehensive booklet, can be obtained from the Civil Service Commission, Science Division, Alencon Link, Basingstoke RG21 1BN, and the Meteorological Office, Room 615, London Road, Bracknell RG12 2SZ.

Town Clerk's and Chief Executive Department CONTRACT COMPLIANCE OFFICER

Salary scale 6 (£9,513 - £10,164)

This is a new post within the legal section of the Town Clerk's and Chief Executive Department. The successful applicant will implement and develop the Council's contract compliance policy. She/he will also liaise with other authorities and organisations on contract compliance. Key tasks will include setting up Central List of Tenderers in consultation with other Council Departments and monitoring and enforcing contract compliance requirements.

The applicant will preferably have experience of working in a contract compliance unit, knowledge of tendering procedures, contract administration and legal and contractual requirements for the Building and Civil Engineering Industries is required.

Application forms and further particulars are available from the Town Clerk and Chief Executive, Town Hall, Rose Hill, Chesterfield S40 1LP or telephone 216313, to be returned no later than the 12 December 1986.

Candidates in any form will disclose if they are related to any Member or Senior Officer of the Council.



Borough Council

Electricity Consumers' Council Deputy Director

£16,854 - £20,474 incl. L.W.

The EEC is the national watchdog for electricity consumers in England and Wales. The post becomes vacant on 1 February 1987 following the appointment of the present Deputy as head of another organisation.

The Deputy must be able to deputise fully for the Director as the Council's chief executive and be able to make a contribution to the complete range of the Council's interests. These include the generation and distribution of electricity and all matters affecting the provision of services and supplies to domestic, commercial and industrial consumers.

Applications are invited from persons with wide experience though their background may be in industry, commerce, the public sector or finance. The closing date for applications is 11 December 1986 and further details are available on request.

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SO2 (all inclusive) £11,604-£12,257

A suitably qualified and experienced person is required to manage and develop this joint provision Sports Centre which has recently been extended and which comprises:

- 25 metre swimming pool, 6 court sports hall, 2 squash courts, fitness room/activities hall, solarium, lounge and licensed bar.

A Manager with considerable drive and enthusiasm is wanted to lead a new young team in the day to day management of the Centre. He/She will be required to take on an occasional regional managerial role - providing support and advice to Managers of other Leisure Facilities in the South of the District.

Application forms and job descriptions available from the Personnel Section, Council Offices, Bradley Road, Trowbridge, Wilt BA14 0RD. Telephone: Trowbridge 63111 Ext 211. Closing date: 11 December 1986. 7-1A/32

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An attractive salary reflecting SENIOR RESPONSIBILITY is offered.

Considerable understanding of the special needs of children who come into care is required. Applicants must hold an appropriate qualification and have more than four years experience of residential work with children. To maintain the balance of staff team this post would be best filled by a female.

Driving licence essential. Non smoker preferred. Good single accommodation.

Further information available. Informal visits strongly encouraged. Peter Jennings, Warrax, Stansfield Abbots, Herts SG12 8BX, Ware (0923) 870058.

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for Beaulieu and York, 8 miles North East of York.

This is a joint appointment and applicants are invited from married couples who will adopt a co-terminous approach and can demonstrate proven managerial skills coupled with the ability to promote and market this developing property (63,000 visitors p.a.). A comprehensive events programme has been established for 1987.

The appointment is residential and the salary is on the scale. For further details and application form, please send large SAE to:

The Administrative Assistant, The National Trust, Cottenden 27 Tadcaster Road, Dringhouses, York YO2 2QG. Closing date for completed applications forms: 17.12.86

CATHOLIC SOCIAL SERVICE FOR PRISONERS Social Worker

CSSP are looking for an experienced Welfare Officer (30+) to join small friendly Welfare Team. To visit, counsel, and offer other social services to wives and families of prisoners. These services are offered regardless of race or creed, but this post may be of special appeal to practising Catholics. Own car essential. Marriage allowance.

Salary £7,750 mtd. Apply by December 1, to: The Director, CSSP, 100a Old Broad Street, London EC2M 6AB (02252)

PUBLIC APPOINTMENTS

I.T. PROJECT MANAGEMENT c. £17,000 pa

The intelligent management of information technology to maximise resources and a £240m budget has placed Warwickshire County Council well ahead of many similar organisations both in the public and private sectors.

Our Computing and Management Services (CAMS) Department with a budget of £3.3m is continuing to demonstrate that dramatic improvements in performance can be achieved.

Project Leaders joining CAMS will find it difficult to match the wide variety of challenging projects that we at Warwick can provide - a real test for your professional computing and management skills.

Current initiatives include: an extensive office services project using DISOSS; a major commitment to AGIS; a policy of moving close to our customers by decentralisation.

One particular post is in the area of Finance and Personnel where the Project Leader appointed will, with a team of computing professionals, be responsible for recommending, developing and implementing effective systems to meet clearly defined and specific objectives.

Applicants should preferably be in their late twenties/early thirties, have a structured career in computing and ideally have relevant application experience. Your professional competence and interpersonal skills must be such that you can manage, lead and motivate a team and develop your career towards senior management. Above all you must be capable of communicating positively with clients at all levels and of presenting a cogent and decisive case for change.

Experience of IBM installations would be a distinct advantage. Warwickshire is a superb place to live and work with excellent housing, educational and recreational facilities - we believe you can enjoy a higher quality of life here compared to the crowded and expensive South East.

If you would like to know more and/or obtain an application form, please fill in the quick response coupon and send it to Martin Greenwood, Systems Services Manager CAMS, Warwickshire County Council, PO Box 9, Warwick or telephone 0225 493431 (Extension 2398) for an informal discussion.

QUICK RESPONSE COUPON

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Chief Executive and Clerk

£25,159 to £27,675

This is an outstanding career opportunity arising from a forthcoming retirement. Candidates - with strong leadership and motivational skills - will be professional officers with substantial local government experience at a high managerial level. A legal qualification will be a distinct advantage.

The Council operates a relocation scheme to this highly attractive area with reasonably priced housing. An essential car user allowance is payable.

Please apply with full details of education and career to date to our advisor:

A.L. Brown, ref 62118, MSL International, Oak House, Park Lane, Leeds LS3 1EL.

Offices in Europe, the Americas, Australasia and Asia Pacific



Executive Search and Selection

Stevenage

EXPAND YOUR HORIZONS INTO...

ESTATE MANAGEMENT & VALUATION

Salary up to £14,000 pa

Temporary Housing & Groundwork Relocation Package & Excellent Car User Allowance & Car Loan Facilities & Flexible Working Hours

The Council is seeking to appoint a Group Leader responsible for the whole range of valuation and estate management functions. He or she will lead a team of the Council's 'Development Task Force' which is a key element of the Council's development strategy and is responsible for the provision of development services to the Council's land and property assets and the provision of estate and valuation services to all departments of the Council.

Success will be the first and foremost and is approaching its 40th birthday. It completes a balanced mix of both some major housing, town and leisure development areas to a very busy sub-regional shopping and commercial centre. An exciting programme of further residential, shopping, commercial and recreational developments offers a varied and challenging workplace.

For this exciting post applicants should preferably be members of the R.I.C.S. or capable for membership and should be able to demonstrate self motivation and a creative approach to promoting developments.

It is expected that candidates should have experience in the field of a variety of residential and commercial developments, including housing, town and leisure development, commercial and industrial developments and should be able to lead a team of professional staff.

For an appointment to be made it is essential that you have a minimum of 10 years experience in the field of estate and valuation management. You should also have a minimum of 5 years experience in the field of housing and leisure development. You should also have a minimum of 5 years experience in the field of commercial and industrial development.

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PRINCIPAL OFFICER FINANCE FOR INDUSTRY

STAFFORDSHIRE C.£12,000

A unique opportunity exists to join the recently restructured Economic Development Division of the County Planning and Development Department.

Your responsibilities will include:

- * Establishment of Business Capital Correction scheme.
- * Investigation and identification of effective sources of finance available both from the public and private sector, including EEC funding.
- * Giving general business advice to new and developing business ventures within the County.

The successful candidate will possess appropriate qualifications and preferably be experienced in the negotiation of financial assistance matters relating to the requirements of small businesses and start up ventures. A commercial or investment Banking background would be particularly useful.

Further details and an application form are available from:

Mr. J. Shryane, County Planning and Development Officer, County Planning and Development Department, Merrin Street, Stafford, ST16 2LE.



MENDIP DISTRICT COUNCIL TOURISM OFFICER

£11,952 - £12,894

As part of our commitment to promote and market tourism throughout the district applications are invited from suitably qualified persons for this newly created post which will be based within the Directorate of Planning and Amenities.

We are looking for an enthusiastic person who has the initiative to develop existing policies aimed at increasing the number of tourists visiting the district which includes parts of two areas of outstanding natural beauty as well as a wealth of historic towns and villages.

Application forms and further details from the Personnel Section, Council Offices, Wootkey Hole Road, Wells, BA5 2NN. Tel. Shepton Mallet (0749) 3399 Ext. 2221.

Closing date: 2nd December, 1986.

Mendip District Council is an equal opportunity employer.

WEST LAMBETH HEALTH AUTHORITY

St. Thomas' Hospital, London SE1 7EH

Senior Assistant Treasurer - Trust Funds

£15,326 - £20,242 p.a. inc.

The Special Trustees for St. Thomas' Hospital are seeking an ambitious and enthusiastic accountant with good communication skills and initiative who will support the Finance Officer in providing financial services, financial control and financial management and advice to the Special Trustees.

You should be a professionally qualified accountant with extensive managerial and accounting experience gained at a high level.

This vacancy has arisen due to the promotion of the present postholder.

Informal enquiries should be addressed to Mr K.D. Morgan, Finance Officer, on 01-282 9282 ext 2130.

Please send full c.v. with names and addresses of two referees to Personnel Department, or telephone our 24 hour answering service on 01-281 1165 quoting appropriate job title and reference P/62. Closing date will be 5th December 1986.

AN EQUAL OPPORTUNITIES EMPLOYER.

ADMINISTRATIVE SECRETARY

Environmental and Public Affairs

We are looking for a committed and creative person to head up our environmental and public affairs department, whose main functions are to keep WI members informed on current issues and to promote WI policies to government and other organisations. The Administrative Secretary is responsible for managing the work of the department and its staff of four people.

The successful candidate is likely to be a graduate with excellent communication skills and familiarity with a wide range of social and environmental issues. This is a challenging post requiring energy and flexibility combined with accuracy and attention to administrative detail. Experience of committee procedures essential and familiarity with policy work in the voluntary or public sector an advantage. Salary c. £13,000 p.a.

Further details and application form (to be returned by 3rd December) from Personnel Department, National Federation of Women's Institutes, 39 Eccleston Street, London SW1W 9NT. Tel: 01-730 7212.

DODDINGTON & ROLLO COMMUNITY ASSOCIATION

DRCA uses its Integrated Employment/Training/Consultancy project from converted garage premises on a high density estate in North Basset.

Following a recent reorganisation of staff structures and a project of improving the project's responsiveness to the needs of the local community, DRCA is now seeking applications for the post of:

BUILDING MANAGER (2 years contract)

To take responsibility for all aspects of the management of DRCA's premises, including their security, maintenance, cleaning, etc. Formal qualifications are not essential, but candidates must be able to demonstrate an awareness of the problems and needs of the estate of a inner-city community housing estate and must be prepared to work flexible hours.

Salary: £12,500 pa including LW.

Application forms and further particulars from: Mrs P. F. Fowkes, Community Officer, DRCA, The Community Centre, 100a North Basset Road, London SW11 (Telephone: 07-233 6440). Closing date: 12 December 1986. Applications received after this date will be considered on a non-guaranteed basis.

Historically there has been an association of African Caribbean and Asian people at senior staff level at DRCA. Thus under Section 32(1)(b) of the Race Relations Act candidates are particularly encouraged to apply.

Re-employment - previous applicants need not re-apply.

Equal opportunities - previous applicants need not re-apply.

Equal opportunities - previous applicants need not re-apply.

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Equal opportunities - previous applicants need not re-apply.

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PUBLIC APPOINTMENTS

**DORTON HOUSE SCHOOL
SEAL, SEVENOAKS**
HEAD OF CHILD CARE
Dorton House is a residential school for approximately 110 visually handicapped children, some with other handicaps, between the ages of 5 and 17 years.
We are seeking a competent professional person with management experience to co-ordinate the work of the Child Care Staff.
He or she will need to demonstrate a considerable knowledge of Child Care practice in a similar position, be prepared to reside at the School and take an active interest in its future development.
Recognised qualifications in Child Care are a prerequisite for this position.
An excellent salary will be paid according to qualification and experience.
For application forms and further details, please write to: Personnel Department, Royal London Society for the Blind, 105 Salisbury Road, London NW6 6RH.
Telephone: 01-624 8844.

ARTICLED CLERK
Salary: Within £5,800 - £7,158 p.a.
This post offers an excellent opportunity to commence a career in local government law and administration, with a comprehensive training programme and significant responsibilities.
We will consider applicants who have already passed the Law Society Final Examination (for immediate appointment) or will be taking the 1987 Final Examination (for appointment next Autumn).
Application forms and further particulars available from the County Solicitor, County Hall, Marazion Lane, Norwich NR1 2DH. Tel: Norwich (0603) 61122 ext. 5337. For informal enquiries telephone Mr. T. D. W. Molander, County Solicitor, ext. 321. Closing date: 15th December 1986.

Norfolk County Council

UNIVERSITY OF GLASGOW
ARTHUR YOUNG CHAIR OF ACCOUNTANCY
Applications are invited for appointment to the Arthur Young Chair of Accountancy following a benefaction by Arthur Young, Chartered Accountant. The successful applicant will have teaching and research interests in any area of study, with particular reference to the practice of the profession. The Department currently fosters interests in:
Accounting Theory and Financial Reporting
Accounting History
Auditing and Investigations
Managerial Accounting and Control
Accounting Information Systems
International Accounting and Financial Management
Social and Behavioural Accounting
Public Sector Accounting
Applications (3 copies: 1 copy in the case of overseas applicants) should be received by the Academic Personnel Office, University of Glasgow, Glasgow, G12 8QQ, not later than 9th January, 1987, from whom further particulars can be obtained. Testimonials are not required, but the names and addresses should be given of three persons to whom reference may be made.
In reply please quote Ref.No.5840E

HAVANT BOROUGH COUNCIL
Borough Treasurer's Department
PRINCIPAL ACCOUNTANT
POST NO. BT 150
Scale PO(7-10)
Salary £14,100 - £15,243 per annum
Applications are invited from persons, preferably possessing a full accounting, for the above post within the Treasurer's Department responsible for the preparation of the accounts and budgets of the Council's Direct Labour Organisation.
The postholder will be expected to make a significant contribution to the efficiency and effectiveness of the Direct Labour Organisation by monitoring the achievement of rates of return and competition requirements throughout each year, assisting with the preparation of tenders on a schedule of rates basis and reviewing financial systems affecting the Direct Labour Organisation. The ability to communicate effectively with senior members of other departments is important.
The Council offers a generous relocation package, flexible working hours and temporary housing accommodation in appropriate circumstances. A mortgage subsidy is actively under consideration for the use of a Homeview DP50 mini-computer. The cost of training courses will be recovered if the applicant leaves the Council's service within two years after training.
Disabled persons may apply as appropriate.
An application form and a copy of the job description can be obtained by telephoning 0705 474174 extension 218 or by writing to the Borough Treasurer, Civic Centre Road, Havant, Hants, PO9 2AX. Application forms must be returned by 8th December, 1986.

Solicitor
up to £13.8K
Runnymede is an attractively situated Green Belt borough on the southern banks of the River Thames with excellent road and rail links with London and, via M3 or M25, the rest of the Country. The Council's legal work is varied and often demanding. We seek a capable solicitor keen on developing a career in local government, who is:
— committed to serving Council and public to a high standard
— prepared to handle a high workload
— able to advise Committees clearly and soundly during public debates
— ready to combine legal work with the beginnings of management and administrative responsibility.
The successful applicant will get:
— a post ranking second in a section of seven
— an excellent variety of work
— plenty of autonomy
— the chance to contribute to decision making at a senior level
— a competitive salary with casual car allowance, availability of loan for car purchase and generous relocation package
— an attractive working environment in our modern offices, with restaurant and sports and social club.
Local authority experience would be an advantage but anyone with the qualities we seek is welcome to apply.
For further details and an application form please contact the Personnel Officer, Civic Office, Station Road, Addlestone, Weybridge, Surrey KT15 2AH (Tel: Weybridge 45500, ext. 218). Closing date: 12th December, 1986. Subject to availability of applications, interviews will be held on 15 December 1986. Ref: 367/85.

Runnymede Borough Council

HOUSING AND BUILDING SERVICES
TRAINEE QUANTITY SURVEYOR
An opportunity to train for a professional qualification and obtain valuable experience in a quantity surveying section of an architectural services group.
A level required for direct entry to 5 year BSc Quantity Surveying course at a London Polytechnic one day per week. General financial assistance with training costs.
Starting salary negotiable based on qualifications, experience and present earnings.
Salary progression based on progress with Degree Studies and Office performance.
For application forms and further details contact: Personnel Department, Leazes House, 52 High Street, Leeds, East Sussex, Tel: (0273) 471606 ext 313 (24 hour answering service).

EWES DISTRICT COUNCIL

MUSCULAR DYSTROPHY GROUP of Great Britain & Northern Ireland
PATIENT SERVICE Information/Advisory Officer
The Muscular Dystrophy Group requires an Information/Advisory Officer, to act as Assistant to the Patient Services Director, to provide advice to sufferers and their families, and to produce and up-date relevant literature.
The successful applicant will have a specialist knowledge of benefits and entitlements for the disabled, together with a relevant qualification e.g. Paramedical or Social Worker.
Breadth of interest, previous experience with the disabled, good verbal and written communication skills are also most important.
Salary will be related to professional scales and experience.
Please write to:
John Gilbert
35 Macaulay Road,
LONDON SW4 0QP
Giving details of experience and present salary.

FIGHT
MUSCULAR DYSTROPHY

LEGAL APPOINTMENTS

CHIEF EXECUTIVE AND TOWN CLERK'S DEPARTMENT
Barnet Legal Division
WHERE PROFESSIONALISM COUNTS
Most people are surprised to learn that Barnet, is, in fact, the second largest borough of the capital.
Not surprisingly, therefore, the borough's size is reflected in the complexity and variety of the workload of the Legal Division. And, over the years, the professionalism and dedication of the Division has been recognised and valued.
Currently, we are seeking an experienced professional for a key post in the Litigation and Financial Services Section of the recently re-organised Division. Someone who will see this appointment as an important step in their career.

Principal Assistant Solicitor
Litigation
Working directly under the Principal Solicitor, you will be managing a team of seven admitted and unadmitted staff responsible for a wide and interesting range of Litigation matters.
You will be a solicitor, with a lively approach and confident personality unafraid of management responsibility. A commitment to public service is essential.
Salary is on a scale to £18,654 per annum inclusive.
To discuss this position with Leonie Cowen, Barnet's Chief Solicitor, please contact, in the first instance, 01 202 8282, ext. 418.
We offer a good relocation package which includes assistance with removal expenses in approved cases, and loans for season tickets, we may also be able to offer temporary housing accommodation in approved cases.
Closing date 18th December, 1986. Ref. 600/PAS
For application forms and further particulars contact the Recruitment Officer, London Borough of Barnet, 15/17 Sentinel Square, Brent Street, Hendon, London NW4 2EN. Telephone 01 202 8282, ext. 424 (01 202 8602 outside office hours).

Commercial Lawyer/Executive
(2 posts) c£14,000 - £17,000 p.a.
The Crown Agents is a public corporation providing commercial, financial and professional services to governments and public bodies overseas.
We are looking to fill two vacancies in our Commercial Department based in Sutton, Surrey. This department provides legal and commercial services to all divisions of the Corporation.
Both positions will entail drafting, vetting and negotiation of contracts for the export of a wide range of goods and services. Experience of export finance and contractual work gained in a Banking, Industrial or Commercial environment is essential.
Candidates for the Commercial Lawyer vacancy should be newly qualified Solicitors with appropriate experience in an age range of 25-29 years old. Candidates for the Commercial Executive post should be graduates in a business related subject with legal and commercial experience.
Please send C.V. to Mrs F. Marsh, Personnel Dept.
Closing date: Monday 5th January 1987.

Crown Agents
The Crown Agents for Oversea Governments and Administrations, Personnel Division, St. Nicholas House, St. Nicholas Road, Sutton, Surrey SM1 1EL.
Crown Agents are an equal opportunities employer.

LEGAL APPOINTMENTS

Gabriel Duffy Consultancy
TOWN & COUNTRY PLANNING
LONDON £18,000
A young litigation lawyer is required by our Client, a major City practice, to cover a wide range of cases relating to Town and Country matters (excluding land and tenant work). As the vacancy exists within a large firm the benefits and back-up facilities are excellent.
BRISTOL £4AE
Our Client, a substantial practice in Bristol, is recruiting a young property Solicitor with an appreciation of Planning to handle a caseload of appeals and property work relating to development, together with some more general commercial property work.
A first class opportunity for an intelligent and adaptable candidate to progress with the development of this Department, in a lively and attractive provincial City.
For further details please contact
CLAIRE WISEMAN
LEGAL DIVISION
GABRIEL DUFFY RECRUITMENT CONSULTANCY
31 SOUTHAMPTON ROW
LONDON WC1B 5JL
Daytime Telephone Number: 01-431 2288
Evenings & Weekends: 01-740 0289

Assistant Solicitors (2 Posts)
County Secretary's Department
£11,952 to £14,475 (consistent with experience).
Applicants must be Solicitors preferably with some Local Government or advocacy experience since qualification. Newly qualified persons considered.
Both posts involve a substantial amount of child care work, but will include other advocacy, and legal work of a general nature in the Department's Personal Services, and Economy & Environment Sections respectively.
The department's offices are in Carlisle which is well situated for the Lake District National Park, the Cumbrian Coast and the Scottish Border Country.
Removal expenses and lodging allowance available in appropriate cases.
For informal discussion please telephone the Senior Assistant County Secretary, Mr. John Morris (0228) 23456 ext. 2230.
Further particulars and application forms from County Secretary and Solicitor, The Courts, Carlisle CA3 8LZ. Tel: (0228) 23456 ext. 2212.
Closing date for applications 12th December 1986.
Posts open to both men and women.

Cumbria

LONDON BOROUGH
barnet
AN AUTHORITY COMMITTED TO EQUAL OPPORTUNITIES

CENTRAL SOMERSET
We are an old established but progressive and expanding firm with offices in two towns in central Somerset. We are seeking:
1. A solicitor with enthusiasm and commitment to look after commercial clients - dealing with a variety of business law matters both contentious and non contentious. This provides an excellent opportunity to nurture and expand a sound existing base and to practise in an attractive country setting.
2. A young solicitor with experience and ability to handle a variety of conveyancing and other non contentious work but with particular emphasis on all aspects of residential and commercial development including land acquisitions, associated taxation questions, the law and practice relating to Town & Country Planning and the services provided by Statutory Undertakers and Local and Water Authorities.
3. A young litigation solicitor - with emphasis on matrimonial work. This post could suit a newly qualified person.
Our intention is to find people who will feature prominently in the future of our practice. There are therefore definite prospects carried with each post.
Please apply in writing to Michael Evans, Gould & Swayne, 31 High Street, Glastonbury, Somerset, BA6 9HA.

Construction Contract Drafting/Litigation
Because of continuing growth our Client, a progressive eminent City firm of Solicitors now needs to create an appointment within a small but rapidly expanding team for an articulate Solicitor or Barrister, who has experience in advising on and drafting construction-related documentation and in dealing with construction litigation, has a keen eye for detail, works well under pressure and sees his/her career developing within this area of law.
This is a stimulating and rewarding position which offers excellent career prospects in a friendly and progressive working environment coupled with a highly competitive salary. Please contact James Davis in complete confidence. (Ref: V102)

JAMES DAVIS & PARTNERS
160 New Bond Street
London W1Y 0HR England
Telephone 01-629 4226
Fax 01-491 7459
Telex 298942

Meredith Scott
COMMERCIAL PROPERTY to c.£35,000
Leading EC3 practice requires young solicitors with at least 2 years experience gained in or out of London.
BANKING c.£20-30,000
Larger EC2 practice seeks solicitor, ideally up to five years qualified with experience of asset finance and corporate banking law.
PENSIONS c.£19-30,000
Major EC1 practice requires lawyer with at least 2 years related experience.
NEWLY/RECENTLY ADM. to c.£16,000
COMMERCIAL CONVEYANCING with medium size SW1 firm.
COMPANY/COMMERCIAL: international contact with six partner City practice.
TRUSTS with Inns practice.
COMMERCIAL LITIGATION medium size EC4 practice.
DOMESTIC CONVEYANCING with expanding NW1 firm.
Meredith Scott Recruitment
17 First Street, London EC1V 4JF
01-583 8023 or 01-541 3897 (after office hours)

College of Estate Management
Patron: HM The Queen
TUTOR IN LAW
Owing to continuing expansion of its work, the College wishes to appoint a Tutor in Law to complement its existing academic staff.
The College is the premier body for the teaching of students on a part-time basis for the professions of the land and property. Founded in 1919 the College was granted a Royal Charter in 1922 and Her Majesty the Queen graciously consented to become its Patron in 1977.
The College currently has over 4,000 students world-wide and awards its own Diploma as well as providing tuition for professional societies. An active programme of post-qualification short courses is provided and a considerable amount of research is undertaken.
The duties of the Tutor in Law will be many and varied, servicing both the pre-qualification and the post-qualification market. The salary will be within the scale for Lecturers in Universities (£8,020-£16,700 per annum, under review), with membership of the Universities Superannuation Scheme. For an application form please write to Mrs P. Reynolds. For an informal discussion about the post please contact the Vice-Principal, Mr P. E. Goodacre, telephone Reading (0734) 861101.
WHITEHORN'S READING RG6 2AW (0734) 861101

INNER LONDON MAGISTRATES' COURTS SERVICE
Deputy Chief Clerks
Applications are invited from BARRISTERS AND SOLICITORS called or admitted in England, for employment as Deputy Chief Clerks in the Inner London Magistrates' Courts Service. Previous experience in a Magistrates' Court will be taken into account but is not essential.
The starting salary at 1.4.87 will be £13,286 pa rising by eight annual increments to £18,422 pa (under review). In addition a London Weighting of £1395 pa is payable.
For an application form and further particulars write to:
The Principal Chief Clerk (DCC)
Inner London Magistrates' Courts Service
Third Floor, North West Wing
Bush House, Aldwych WC2B 4PJ
Completed application forms must be received by 31 December 1986.
We are an equal opportunity employer.

Brutton & Co
PROBATE AND TRUST SPECIALIST
required by leading firm of South Hampshire Solicitors with 10 offices, including one in London. The successful applicant will be a specialist in the above subjects as well as Will drafting and Capital Transfer Tax planning and will be required to head the Probate and Trust Department within one of our larger offices with a view to equity partnership.
If you have the energy and enthusiasm to succeed within the dedicated professional structure which we have established; if you wish to have a measure of control over your own professional destiny; if you are fed up with the City and would prefer to enjoy a similar practice on the south coast within shouting distance of the Hamble, Downs, and New Forest; or if you already practise in the country, but would benefit from a change, apply in writing with C.V. to Michael Wilks, Managing Partner, Brutton & Co, 288 West Street, Fareham, Hants PO16 0AJ or telephone 0329 236171

Tax planning lawyer required with up to two years post qualification experience.
Responsibilities will include corporate and private client work and assistance with wills trusts and probate.
Please send full c.v. to
G Laurence Harbottle
34 South Molton Street
London W1Y 2BP
HARBOTTLE & LEWIS

LEGAL APPOINTMENTS

BADENOCH & CLARK

COMMERCIAL LITIGATION EC1

Further expansion in this busy department has created an excellent career opportunity for young solicitors seeking to work in a demanding environment with a leading City firm. With up to 3 years' post-admission experience, candidates who will have good academic and relevant post-admission experience, can expect top quality work for substantial clients and a highly competitive salary.

COMPANY/COMMERCIAL EC4

Highly respected medium sized practice seeks 2 qualified lawyers with up to 3 years relevant experience, gained preferably in a London or substantial provincial practice. The successful candidates will become involved in a range of quality corporate work and will enjoy a competitive remuneration package.

For details of these and other positions, contact Judith Farmer or John Cullen.
Legal and Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU Telephone: 01-583 0073

PROPERTY LAWYER WC2

This well respected medium sized firm currently offers partnership prospects for a motivated senior property lawyer. Ideally with up to 5 years post admission experience, the successful candidate will enjoy a range of first class work and excellent working conditions. Personality and drive are essential qualities.

CAPITAL MARKETS From £20-£35,000 + Bonus + Bens

Top US financial institution seeks several highly qualified, motivated lawyers to join its transaction management group at varying levels of seniority. Good academic credentials, a top City firm training and relevant experience are prerequisites. These positions carry an excellent remuneration package together with good prospects for career development.

TOWNSENDS

SWINDON
COMMERCIAL SOLICITOR
The continued expansion in the Company/Commercial Department has created a vacancy for an Assistant Solicitor.

Applicants should be ambitious, outgoing and able to work on occasions under pressure on a wide variety of commercial matters. The ideal applicant will have 2-3 years post-qualification experience, but recently qualified solicitors with relevant experience in articles will be considered. A competitive salary will be offered to reflect the experience and abilities of the successful applicant.

This vacancy provides an opportunity to pursue a career in one of Europe's fastest growing towns.

Applicants should apply in writing with a C.V. to Julian George, Townsends, 42 Cricklade Street, Swindon, Wilts. SN1 3HD.

Career opportunities for young LAWYERS

Wragge & Co. are a large rapidly expanding firm based in the heart of England. We provide comprehensive legal services for a wide range of corporate organisations and private clients. Our growth, combined with the increased demand for specialist services has created new opportunities for ambitious young Lawyers in the following areas.

INSURANCE RELATED LITIGATION

This opportunity is ideally suited to a Solicitor or Barrister with between 1 and 3 years relevant experience preferably gained within a specialist environment. He/she will be involved in servicing Insurance Companies, Captives, Lloyd's Underwriters, Loss Adjusters, Brokers and business clients and must be capable of consistently high standards of performance.

INTELLECTUAL PROPERTY & COMPETITION LAW

To work closely with a Partner specialising in Intellectual Property and the legal problems associated with the development and exploitation of high technology, particularly in the computer and related fields. Experience is desirable in the licensing and transfer of intellectual property, including computer software, and the drafting of trading agreements. Although not essential, a working knowledge of EEC and UK competition and restrictive practices law would be most helpful. This is a fast growing area of the legal profession and provides exceptional scope for gaining valuable expertise in the new technology environment.

COMPANY & COMMERCIAL

The type of work involved ranges from general advice to clients on company and commercial matters through to dealing with Full Stock Exchange listings and U.S.M. flotations. In addition there will be opportunities to deal with take-overs, management buy-outs, banking and corporate finance, venture capital funding and joint ventures. This is an extremely varied and stimulating area that will offer the right person career development whilst broadening their experience and responsibilities.

Applicants should preferably have at least one year's post qualification experience in private practice. However, we are also keen to hear from more recently qualified Solicitors who could play an important part in our future growth plans. We offer very attractive salaries with excellent prospects and assistance with relocation to this surprisingly pleasant part of the country will be given, if appropriate.

If you wish to meet us for an initial informal discussion, please write, with career details and current salary to:-
C.W. Hughes, Wragge & Co., Bank House, 9 Cherry Street, Birmingham B2 5JY.
021-632 4131

Wragge & Co.

Corporate Taxation

Newly Qualified: upto 2 years.
£ ATTRACTIVE

Our Client, a resourceful and highly motivated medium sized City Firm, with a broadly based commercial practice, offers an outstanding opportunity to work as Personal Assistant to the Senior Partner who specialises in Tax.

This opportunity offers a wide range of challenging and intellectually stimulating taxation work, which requires a business sense as well as legal ability.

This unrivalled opportunity might well suit those wishing to expand their experience where future prospects look very good. Candidates are asked to contact James Davis in complete confidence on 01-629 4226 or write to the address set out below (ref: V103).

LEGAL SELECTION

**JAMES
DAVIS
&
PARTNERS**

160 New Bond Street
London W1Y 0HR England
Telephone 01-629 4226
Fax 01-491 7459
Telex 298942

Computer Industry Commercial Lawyer

Competitive salary + car

Logica, a leading computer software and services company, seeks an able and enthusiastic lawyer to join its young and expanding corporate Legal Department. Logica has enjoyed continued growth since it was founded in 1969 and now employs approximately 2,400 staff worldwide. Logica's activities range from the provision of large turnkey systems to the manufacture and marketing of a variety of products.

The Legal Department has a key and challenging role within Logica, providing a comprehensive legal service to the company and its subsidiaries, located both in the UK and overseas. The work covers a wide variety of issues, with particular emphasis on drafting and negotiating complex software-related agreements, intellectual property law, general corporate and company secretarial matters, and employment law.

The successful applicant, who may be either a solicitor or a barrister, will possess the ability to provide practical advice to all levels of management and will enjoy working as part of a team. He or she is likely to have at least four years' experience of commercial law, some of which may have been gained in a computer-related environment.

Based in Central London, the salary will be competitive and benefits include a company car.
Please write with full CV, quoting reference H/C to: Mary Crowley, Personnel Officer, Logica International Limited, 64 Newman Street, London W1A 4SE. Telephone 01-637 9111 ext 2644.

logica

DEACONS OF HONG KONG

Deacons is a large but friendly firm established for over 100 years, occupying modern, well-equipped offices in the heart of Hong Kong's fast-moving commercial and financial district. Continuing expansion demands the appointment of two able Commercial Lawyers to work in a busy department which handles a wide variety of domestic and international commercial work for a substantial corporate client base.

THE REQUIREMENTS

Post A - A Solicitor who has one to two years post-qualification experience with exposure to financial and commercial matters.
Post B - A Solicitor with four years sound and varied experience of corporate and commercial matters.

THE REWARDS

- A unique opportunity exists for you to widen your experience and stretch your ability in this dynamic city.
- Salary for Post A will be negotiable above £24,000 p.a. while for Post B it will exceed £32,000 p.a. dependent on ability and quality of experience.
- Low level of personal taxation.
- Generous gratuity and provident fund.
- Subsidised accommodation during settling-in period.
- Annual travel allowance.
- BUPA plan.
- Assisted club membership.

Interviews will be conducted in London in January. Applications and resumés which will be treated in strict confidence should be sent to:

James Finch LL.B., Personnel Manager, Deacons,
3rd-7th Floors, Alexandra House, Hong Kong.

Seeking wider experience?

CONVEYANCING LAWYER

Our expanding property workload demands addition to our property team. Excellent opportunity to broaden experience and rapidly develop responsibility and client contact with a small team dealing with good mixed property work.

COMMERCIAL LAWYER

Our commercial department is a close knit team committed to the highest standards and working closely together to achieve them. Our varied clients generate every conceivable kind of commercial work and respond to high calibre lawyers with a positive and flexible contribution to make. Join an enjoyable but challenging environment.

Both positions would ideally suit an applicant newly qualified to two years, seeking to broaden and deepen his experience.

Laytons is a predominantly commercial practice with excellent resources and working conditions of every kind. We enjoy working together in meeting whatever the client demands. Employment rewards are commensurate with our objective of selecting the best applicants and helping them to positively develop their career.

Apply in writing with full c.v. in complete confidence to Miss D.C. Jeffers, Laytons, 16 Lincoln's Inn Fields, London WC2A 3ED or telephone 01-404 5177.

SHIPPING

Financing - Sale and Purchase

Our Shipping Department has an exceptional opportunity for a recently qualified solicitor with some previous experience, whether during or after articles, in shipping finance/sale/purchase and chartering. The successful applicant would become involved in a wide range of work covering international shipping activities with emphasis on ship financing for both borrowers and lenders and on the sale, purchase and chartering of ships. Some travel will be involved.

The prospects are excellent in this City firm for the right person, who will receive a very attractive salary and benefits package.

If you are ambitious bright and energetic and are interested in joining us, please apply (with full cv) to: David Robinson, Berwin Leighton, Adelaide House, London Bridge, London EC4R 9HA (01-623 3144).

BERWIN LEIGHTON

YOUNG SOLICITORS INTERESTED IN CORPORATE TAX

Our corporate tax department is looking to recruit solicitors who are newly qualified or about to qualify and who are interested in developing a career in high quality corporate tax work. Previous tax experience is not essential.

The department, which consists of six partners and 17 other solicitors, specialises in all aspects of company and commercial taxation, including corporate finance, capital markets, asset financing, international taxation, employee benefits, financial products and energy taxation.

The work is extremely demanding and we are seeking those with high academic qualities and an ability to get on well with clients and colleagues.

Long term career prospects and conditions of employment are excellent.

Please write, in confidence, quoting CT/T to:-
D.E. Rance, Freshfields, Grindall House,
25 Newgate Street, London EC1A 7LH.

FRESHFIELDS

TRENT POLYTECHNIC DEPARTMENT OF LEGAL STUDIES

LECTURER II/SENIOR
LECTURER IN LAW
(08595 - 215873 p.a.)

Applicants should have a good Honours degree in Law. A higher degree and a record of successful research and publication would be added advantages. A wide experience of legal practice, preferably as a solicitor, and teaching experience.

Further details and form of application are available from the Staff Officer, Trent Polytechnic, Burton Street, Nottingham NG1 4BU. Closing date 8th December 1986. Please quote Ref. No. H0261.

Partner Designate S. Leics - Up to £20,000

This medium-sized established practice in Leicestershire is looking for an experienced Solicitor to run one of its long established branch offices.

The workload has a Conveyancing bias but includes Probate, Matrimonial and Advocacy. The successful applicant can expect an early partnership and, in the meantime, rewards commensurate with performance.

Please write for details and action quoting Ref. 118

Legal Opportunities

45 Station Road London N21 3SH

01 360 0081

BIRMINGHAM PERSONAL INJURY LITIGATION

Excellent opportunity for Legal Executive/newly qualified Solicitor to specialise in Trade Union related Personal Injury and Employment cases. Large firm requires such a person to join a young busy office, under the supervision of a senior fee earner. Some previous experience required, together with interest in Trade Union work. Salary depending on age and experience. Apply to Box No BOX B03.

Chief Executive & Clerk's Department Articled Clerk

Graduate holding a good honours degree preferably in law and who has passed the Law Society's Final Examination required. You will be articled to the Solicitor to the Council and have full opportunity for training and experience in Council's legal functions. Assistance may be given with relocation expenses. Application forms, returnable 10/12/86, from Chief Executive & Clerk, County Hall, Northcliffe, North Yorkshire DL7 8AD. Tel: (0695) 3123 ext 2815.

NORTH YORKSHIRE COUNTY COUNCIL

ENTERTAINMENT LAWYERS

£15-40,000 pa

We have several vacancies in both industry and private practice (at senior and junior levels) for entertainment lawyers - especially those with experience in film, TV and video.

Please contact Michael Chambers or Sonya Rayner. (Rec. Consults.)

74 Long Lane, London EC1 Tel: 01-606 9371

CHAMBERS

& PARTNERS

CAMBRIDGE SOLICITORS

have a vacancy for an experienced family lawyer (two-three years' qualified). 50-50 legal aid/private. Good salary for the right person.

Peter Sore, 170 Mill Road, Cambridge. Tel: (0223) 242544

LACEYS SOLICITORS

Young Solicitor with experience in London needed to get established but forward looking firm with two Branch Offices. Salary c. £12,000 per annum.

Apply to: GERARD WYLLIS, Lacey & Partners, 100 Strand, London WC2R 0JH. Tel: 0202-27256

LEGAL APPOINTMENTS

Company Commercial

Lincoln's Inn EXCELLENT

Our Client, a well established medium sized firm which is resourceful and highly motivated with a broadly based commercial practice needs to appoint at least two lawyers of calibre to deal with a varied workload of Private and Public Company work.

Emphasis is placed on the highest level of professional competence whilst retaining a friendly atmosphere.

If you feel your skills and ambition can match the challenge of this expanding City practice, then contact James Davis in the strictest confidence or write to him at the address set out below (Ref: V104)

LEGAL SELECTION

JAMES DAVIS & PARTNERS

160 New Bond Street
London W1Y 0HR, England
Telephone 01-629 4226
Fax 01-491 7459
Telex 298942

SENIOR SUB-EDITOR

Butterworths, the leading UK law publisher, is looking for a Senior Sub-Editor for the Encyclopaedia of Forms and Precedents. The position is in the department which provides an updating service to both the fourth and fifth editions of the Encyclopaedia and involves writing and editing material for all sections of the Encyclopaedia.

Applicants should be solicitors with experience in practice which, although it need not include specialisation in any particular area, should include the preparation of documents of the type found in the Encyclopaedia. Previous publishing experience is not necessary but the ability to identify and assimilate changes in the law, to express legal concepts clearly and concisely and to work quickly and accurately is.

Salary c.£12,700 pa; Terms and Conditions in accordance with NUJ Agreement.

Please reply with full CV, not later than 8th December 1986 to: Rosalind Miller, Personnel Officer, Butterworth & Co (Publishers) Ltd, 88 Kingsway, London WC2B 6AB.

LEGAL EXECUTIVE

Required by Property Company W.S. to specialise in residential/tenancy litigation.

Salary up to £20,000.00 p.a. for right candidate.

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01-289 4703/01-289 4704

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Feel you can do better? Why not contact us? We have vacancies for solicitors with suitable technical qualifications who wish to specialise in PATENTS, TRADEMARKS, COPYRIGHT, CONSTRUCTION and other technically related fields and we are offering premium salaries.

Write to: P.L. Lochner B.Sc. (Chem) Stephenson Harwood, Saddlers' Hall, Gutter Lane, Cheapside, London EC2V 6BS

Telephone: 01-606 7733

1786 // // // 1986

Two centuries strong and building

Regional Solicitor Bristol

We are a major national housebuilder operating through six autonomous regional subsidiaries. The growth of our business gives rise to further career opportunities for lawyers.

As a first step we wish to appoint a Regional Solicitor to manage a new Legal Department for Lovell Homes Western Limited. The Department will be based in Bristol and provide a full legal service to a regional company having a current turnover of approximately £30 million. The person appointed will participate generally in the running of the business as a member of the regional management team. This is a senior position calling for the ability to supervise staff as well as broad professional experience of property development conveyancing.

A fully competitive salary will be offered according to age and experience supported by ancillary benefits such as an executive car, contributory pension and life assurance scheme, and 26 days annual holiday.

For further details please contact Mr. G. C. Lean, Personnel Manager, Lovell Homes Ltd., Prospect House, Creden Street, High Wycombe, Bucks HP13 6LT. Telephone High Wycombe 443751.

Lovell Homes



ASHURST MORRIS CRISP

Due to the continued expansion of the Trust Department the following vacancies exist:

1. Corporate/Commercial tax assistant with at least two years experience of City work required to join very active department advising on all taxation aspects of a wide variety of business transactions.
2. Versatile trust lawyer who should be able to deal personally with tax planning for senior executives and other wealthy individuals. The right person should have (or will acquire) a good working knowledge of pensions and employee benefit arrangements and be able to advise on the trust law aspects of commercial transactions.

Please apply with full c.v. to

C.J. Amos Esq.
Ashurst Morris Crisp
Broadgate House,
7 Eldon Street,
London, EC2M 7HD.

THREE ASSISTANT SOLICITORS

Stafford Clark & Co. require Three Assistant Solicitors, one for their City Office and Two for their New Cross Office.

Experience preferred but newly qualified applicants will be considered. Salary negotiable.

City Office: Residential Conveyancing with possibility of some Commercial Conveyancing.

New Cross Office: One post in the Commercial Conveyancing Department and One for the Litigation Department.

Please apply to:

Stafford Clark & Co.,
28 Bush Lane, Cannon Street,
London, EC4R 0AE
Tel: 01-692 7161 (Ref:JJ)

THE BUILDING SOCIETIES ASSOCIATION

TWO SOLICITORS/BARRISTERS

Required to work with the Head of Legal Services and other qualified members of the Department on a wide range of matters of concern to building societies - including the absorbing task of implementing the radical new Building Societies Act 1986.

The first, more senior job envisages a solicitor or barrister in the late twenties with 4/5 years' experience in private practice and/or with a local or public authority and who can demonstrate a track record of achievement in terms of initiative and the ability to supervise.

The second post (an addition to the establishment) would best suit a lawyer of 24 or 25 with one or two years' of the requisite experience.

The salaries would be in the region of £16,000 p.a. and £12,250 respectively (the figures offered will depend on age and experience) and both posts carry good pensions and mortgage interest allowance.

For further details write to the Head of Legal Services at 3 Savile Row, London W1X 1AF.

Opportunity to join WC1 firm

An opportunity exists to join an expanding Department serving a number of substantial house building companies within a growing central London commercial firm. We are looking for 2 or 3 Legal Executives and also have vacancies for trainee Legal Executives. Ideally applicants will have had experience within the legal department of a major house builder but able persons with all-round conveyancing experience will be considered.

The work will involve all legal aspects associated with residential developments, house sales, and house exchanges and the applicants should have the ability to work under pressure and carry responsibilities of the position with a positive and enthusiastic attitude.

This is an excellent opportunity to broaden and extend conveyancing abilities from a commercial angle and offers good scope for assuming greater responsibility allied to the support of a large conveyancing team.

An extremely attractive salary/benefits package is offered and applications including full CV should be sent as soon as possible to Mr C A Sharplee, Saunders Sobell Leigh & Dobin, 39/40 Eagle Street, London WC1R 4AE.

LEGAL ADVISERS

The Legal Protection Group Limited is the UK's foremost independent legal expenses insurance organisation and also provides a wide range of legal advisory services. Due to rapid expansion of its Telephone Advisory Service the Group now require to recruit two qualified solicitors to join its professional team.

Candidates must have a thorough grounding in all aspects of commercial and personal law. The service is offered on a 24 hour basis and candidates will therefore have opportunities to work flexible working patterns from the Group's Sutton Headquarters.

Salary is dependent upon age and experience but will reflect the high level of professionalism required and the commitment to providing a round-the-clock service.

Please forward c.v. to:

T.A. ABLETT,
The Legal Protection Group Limited,
31/35 St. Nicholas Way,
Sutton,
Surrey
SM1 1JB



BARRISTERS

COMPANY LAW TAXATION INTELLECTUAL PROPERTY PLANNING LAW

Such is the demand for high calibre lawyers in the City and Central London that our client practices are eager to interview Barristers with above average academic backgrounds and substantial pupillage and/or post pupillage experience. Excellent salaries and prospects are available.

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95 Aldwych, London WC2B 4JF. Tel: 01-242 1281
Cable: Law Personnel
(ansaphone after office hours)

2 ASSISTANT SOLICITORS CRESTER

1) Assistant Solicitor to Logistics Partner required for Cresta and Bignone. At least 18 months experience of advocacy essential.

2) Assistant solicitor for residential and domestic work. At least 12 months experience required.

Good salary and pleasant office in busy city. Real prospects for the right person.

Apply to: S. B. Partridge Esq., 12 White Friars, City 1PT.

COMMERCIAL MANAGER

Solicitor or barrister. International law, strong commercial leaning, knowledge of high tech. Aged 35 to 40 salary negotiable plus benefits.

Arron Employment Agency Ltd, Harrow. Tel 01 868 0044.

NORTH STAFFORDSHIRE

We have an immediate vacancy for a young solicitor, principally to undertake some criminal advocacy and general litigation, with an opportunity to run Branch Office. Details prospects in reply expanding young firm.

Apply in writing to: Walters and Flincks, 2 Westgate Road, Stafford, Staffs, ST6 5AE.

ARTICLED CLERKS

Required to commence articles in September 1987. Ten partner firm offers good training and a competitive salary. Apply with C.V. before 1st January 1987 to:

Patrick Bligh, Redfern & Sigant, 9 Railway Street, Chatham, Kent. ME4 4BZ

PROPERTY W.I. PARTNERSHIP

We are a three-partner West End practice with a strong entertainment bias. Following expansion of our client base we require a personable energetic Solicitor with not less than two years admitted experience either currently a partner or of potential partnership calibre to head our property department. The work comprising commercial and residential conveyancing for a large variety of clients including property companies, artists, producers, pension funds, mortgage documentation for banking and finance company clients, landlord and tenant, developments, planning, licensing etc. demands both meticulous attention to detail as well as a friendly and positive approach.

A very attractive remuneration package with usual fringe benefits is offered with immediate partnership for the right person.

Please write in confidence with full c.v. to Steven Fisher at 25/27 Oxford Street, London W1R 1RF.

STEVEN FISHER & CO.

COMPANY COMMERCIAL TO £50K

Powerful-looking Central London practice wishes to engage a Senior Company Commercial Solicitor who is looking for early partnership and is willing to participate in the firm's expansion.

COMMERCIAL LITIGATION TO £18K
A high calibre, recently qualified Solicitor is sought by a leading medium sized City practice for heavyweight Commercial Litigation.

COMMERCIAL CONVEYANCING TO £17K
Solicitor of around 12 months PDE in heavyweight Commercial Conveyancing to dynamic City practice.

COMPANY COMMERCIAL TO £30K
 eminent City practice seeks a Yellow Book specialist of three to five years PDE for top drawer workload and excellent prospects.

LITIGATION C. £25K
Expanding Central London practice in superb office seeks energetic solicitor of five to seven years PDE to head the Litigation Department with Civil and Commercial workload. Details partnership prospects.

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Staff specialists to the legal profession worldwide
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(ansaphone after office hours)

SOUTH CHESHIRE

Enthusiastic young Solicitor required for continued work in medium sized (4 partner) firm. Newly qualified person considered. Attractive prospect for the right person. Apply with CV to: 288 Wansley Road, Chesham, Ch52 6SS.

MAIDSTONE

Asst. Solicitor. New practice specializing in housing and general practice. Attractive prospect for the right person. Apply with CV to: 288 Wansley Road, Chesham, Ch52 6SS.

Legal Resources Employment Agency LOCUMS

needed now for assignments country wide. Tel: 01-405 4985

SOLICITORS

We have permanent vacancies in Litigation Company/Commercial and Conveyancing country wide. Contact Legal Resources Employment Agency 18 John Street London WC1N 2DL. Tel: 01-405 4985

ASA LAW LOCUMS

Urgently Required in all areas 01-248 1139

YOUNG SOLICITOR

Very welcome in South Lincolnshire where the air is fresher, the housing cheaper and business thriving to help him develop over-extended litigation partners; recently admitted applicants prepared to undertake all branches of litigation please apply; salary by negotiation; partnership prospect. Write to: Ray Williams, 22 New Street, Southwell, Lincolnshire. PE11 1BE.

GENERAL APPOINTMENTS

TRAINEE NEGOTIATORS

Central London's leading Estate Agents require 6 trainee negotiators aged between 18 & 24 years. Must have sound educational background, be presentable, energetic, and want to become one of Central London's top residential property negotiators. Driving license essential. Salary throughout training period £8,000 per annum plus company car - thereafter earnings between £15-40,000 per annum + VW GTL. Telephone 01 727 0530 Reference JMH

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LEGAL EAGLES for the NEW YEAR £10,000

Dispersed legal vacancies are required by the commercial conveyancing and company commercial law departments of this prestigious West End law firm. For more details call Mr. J. at 01-606 7733.

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needs university graduates - BA degree - to work in Spain. Please write immediately to Berlitz (Spain), Wells House, 75 Wells Street, London W1A.

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CHOCOLATES-CHOK-CHOCO £11,000 for City Solicitors. Training, sound education plus all personal expenses covered. Would you like to work for a firm with a reputation for excellence? Call 01-577 5277 Mary Creave Fax 01-577 5277

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PERSONAL COLUMNS

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AND MARRIED TO THE WHOSEVER ONLY NOT BE OBTAINED IN...
PORTIN - On November 21st, to London...

DEATHS

AND MARRIED TO THE WHOSEVER ONLY NOT BE OBTAINED IN...
ANDREW - On 22nd November, Sir Geoffrey...

ANNOUNCEMENTS

VERY HOT HELP US to help sponsored...
MARK ANDREW - On your 40th birthday...

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ANNOUNCEMENTS on your 40th birthday...
MARK ANDREW - On your 40th birthday...

ACKNOWLEDGMENTS

THANKS TO ALL who attended the funeral...
THANKS TO ALL who attended the funeral...

SERVICES

REAR TO HEARTY - Today we meet...
REAR TO HEARTY - Today we meet...

WANTED

WANTED - Large W.C. wardrobe...
WANTED - Large W.C. wardrobe...

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MEMORIAL SERVICES

GORE - A Memorial Service will be held...
GORE - A Memorial Service will be held...

IN MEMORIAM - PRIVATE

DRAKE - Nick, remembered always with love...
DRAKE - Nick, remembered always with love...

BIRTHS, MARRIAGES, DEATHS AND IN MEMORIAM

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THE TIMES

PO BOX 484 Virginia Street London E1 9XS
or telephoned by telephone subscribers only to 01-461 3024

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MARK ANDREW - On your 40th birthday...

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ANNOUNCEMENTS on your 40th birthday...
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ALL FLIGHTS BONDED...
* ALL FLIGHTS BONDED *
* ALL FLIGHTS BONDED *

DISCOUNTED FARES

JOUBURNER, DUALIA, RETURN
NARROW, BANGKOK, BANGKOK, BANGKOK

FLY SAFELY

CHRISTMAS FLIGHTS
MALAGA, FARO, ANTANUL, MOROCCO

LOWEST FARES

PARIS, BRUSSELS, AMSTERDAM, ROTTERDAM, LONDON

WINTER SPORTS

SKI WHIZZ
100 HOLIDAYS TO BEHOLD...
CHRISTMAS NOW...£169

SKI SUPERTRAVEL

CHRISTMAS SPECIAL OFFERS
Selected catered
DEPS 20 DECEMBER

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OVERSEAS TRAVEL

ITS ALL AT TRAILFINDERS
Worldwide low cost flights...
195,000 clients since 1970

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Science report
Frozen blood clue in fight against cancer
From Tony Samstag, Oslo
Norwegian doctors are excited about preliminary results of a cancer research project involving samples of blood which have been frozen for 10 years.

Church news
Appointments
The Rev. M. J. G. ...
The Rev. M. J. G. ...

Arthritis Research
Arthritis: Seriously affects over 6 million people in the UK
Pleas, a donation to help us to help you.
A legacy to help us to help you.

Cancer
Together we can beat it.
We need over one third of all research into the prevention and cure of cancer in the UK.

British Heart Foundation
The heart research charity.
102 Gloucester Place, London W1H 4DH.

AND MARRIED TO THE WHOSEVER ONLY NOT BE OBTAINED IN...
ANDREW - On 22nd November, Sir Geoffrey...

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ANDREW - On 22nd November, Sir Geoffrey...

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Executive Editor Kenneth Fleet

STOCK MARKET FT 30 Share 1282.6 (+8.4) FT-SE 100 1636.5 (+11.6) Bargains 27792 (34762) USM (Datastream) 129.69 (+0.57) THE POUND US Dollar 1.4175 (-0.0020) W German mark 2.8605 (-0.0048) Trade-weighted 68.2 (+0.3)

Confusion claim over T&N bid

AE, the beleaguered engineering group, said last night that legal action being taken by hostile bidder Turner and Newall "is a desperate attempt" to confuse shareholders.

US mints the silver eagle

(AP-Dow Jones) - The American Eagle gold coin, which has soared in popularity since it was introduced last month, was joined yesterday by a silver coin.

Profits ahead

Marshall's Halifax, the Yorkshire building materials and engineering company, announced profit for the half year to the end of September up from £1.1 million to £5.2 million.

£400m offices

Prudential Portfolio Managers, part of the Prudential Corporation, the insurance company, is planning to develop a £400 million, 900,000 sq ft office building in the City of London.

No referrals

Reckitt & Colman's acquisition of Durice Famous Foods is not being referred to the Monopolies and Mergers Commission.

Arrow sale

Blue Arrow has sold its US contract cleaning subsidiary, IMS/Kayward of Boston, Massachusetts, for \$1.2 million (£851 million) cash.

MARKET SUMMARY STOCK MARKETS MAIN PRICE CHANGES INTEREST RATES CURRENCIES

Commercial reasons for abandoning South African bank

£42m loss on Barclays sale

Barclays Bank's sale of its remaining stake in Barclays National Bank of South Africa for £80.3 million took the City by surprise as the British bank is realising considerably less than it would have done two or three years ago.

Sir Timothy Bevan, the chairman, said yesterday that Barclays had been discussing the disposal since last May. The sale was justified on commercial grounds because the outlook for the South African economy had become extremely uncertain and Barclays no longer fitted into the bank's strategy of expansion into Far Eastern, European and American markets.

"Clearly it is better to make an investment in the US than in South Africa, which is uncertain and disapproved of by the rest of the world," Sir Timothy said.

The way was cleared for the sale in the last set of interim accounts in August, when the Barakat holding was revalued from a commercial rand rating to a financial rand rating, reducing its sterling value from £106 million to £38 million - a paper loss of £68 million - a paper loss of £48 million.

Unless the proceeds of the sale are taken in financial rands they cannot be repatriated to Britain. The bank calculates that, set against the net asset value of its stake, it is making a £6 million profit after tax. But taking the adjustment into financial rands into account, it is sustaining a book loss of £42 million overall.

UK bid to tighten up on insider deals

Britain hopes to bring together regulators from Europe, the United States and Japan next month to try and widen the international information net aimed at preventing fraud and malpractice in the financial sector.

Profits double to £50m at News Corporation

Pre-tax profits at News Corporation, the film, television and publishing group, which includes The Times, the Sunday Times, the News of the World and the Sun, more than doubled to £49.56 million in the quarter ended September 30 from £24.81 million in the same period last year.

Midland rejigs venture arm

Midland Bank has restructured its investment management and venture capital activities, bringing them under one organisation and has formed a new holding company for its investment management business.

SIB holds clearers to polarization

The clearing banks have lost their battle to persuade the Securities and Investments Board to drop restrictions on selling their own life assurance and unit trusts through their branch networks.

Curbing the bank manager

The clearing banks have lost their battle to persuade the Securities and Investments Board to drop restrictions on selling their own life assurance and unit trusts through their branch networks.

By Lawrence Lever The clearing banks have lost their battle to persuade the Securities and Investments Board to drop restrictions on selling their own life assurance and unit trusts through their branch networks.



Sir Timothy Bevan: 'disposal discussed since last May'

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£10.5m bid for Norscot Hotels

Pleasurama, the casinos and leisure group, has offered £10.5 million for Norscot Hotels, the USM-quoted hotel group with most of its properties in Scotland.

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Early birds in the great gas sell-off

By Teresa Poole, Business Correspondent

Applications for shares in British Gas began to arrive yesterday with the first trickle of completed forms from customers.

Although the prospectus is not published until today, about a million mini-Saturday's post to gas users who had registered for their guaranteed allocation. A further 6.5 million will be delivered to homes by Thursday.

A spokesman for National Westminster Bank, the leading receiving bank, said more than a dozen completed forms had arrived already at the bank's main London office.

On the "grey market", Cleveland Securities were quoting a price of 61p for the 50p partly-paid shares. More than a million shares changed hands through Cleveland yesterday with the largest buying order for 250,000 shares.

Touche Ross, the accountants, will be policing the issue and have already identified more than 1,000 multiple registrations from people who will be under special scrutiny when their applications are received.

NatWest to offer dealing service

By Peter Gartland

British Gas shareholders will be able to sell their shares through branches of the National Westminster Bank as part of an instant dealing service announced yesterday.

Shareholders, who are expected to receive their acceptance letters in the week beginning December 15, can present these letters at any NatWest branch throughout Britain. They need not be NatWest customers.

Any number of shares from 50 to 5,000 can be sold in this way and a cheque for the share sale will be issued immediately.

The service will initially only be available for British Gas shares, until February 6, by which time NatWest plans to offer a similar scheme for the British Airways flotation.

County Securities, NatWest's share dealing subsidiary, will operate the service, which is available for buying as well as selling British Gas shares.

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IG INDEX advertisement with 'TALK SID' logo and text: HE MIGHT DO BETTER ON TRADED OPTIONS WITH I.G. INDEX. One of our clients recently made 100% Profit in just 21 days on a Traded Option on Wall Street...

LONDON TRADED OPTIONS

Table of London traded options with columns for Series, Calls, and Puts across various months.

FOREIGN EXCHANGES

Table of foreign exchange rates for various currencies including US Dollar, Japanese Yen, and others.

Table of other sterling rates and dollar spot rates for various international locations.

Table of money markets and gold prices, including Euro money deposits and gold prices.

Table of traditional options with columns for First Dealings, Last Dealings, and Last Declaration.

TEMPUS

Fashion is name of the game in food market

It will surprise no one to learn that real spending on food in Britain is broadly static.

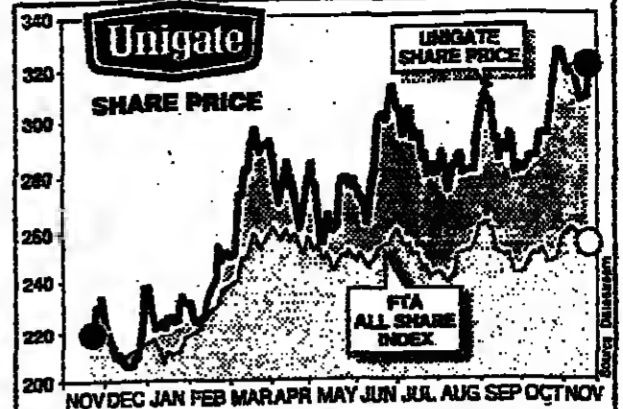
The average price paid per ounce of food seems to be increasing in real terms.

Working mothers, and the decline in the importance of family meals, has led to a growing demand for portion-controlled products.

While the food manufacturers are responding to these trends, they are becoming more active in terms of new products and more careful in identifying their target markets.

Consequently, significant opportunities have arisen in the still-fragmented food distribution business.

The winners will include Hazelwood, for which the study projects 53 per cent earnings growth over the next two years.



Unigate

The City has long been cautious about Unigate. Analysts have tended to describe its constituent businesses as "sound" rather than exciting.

The interims posted yesterday should have helped to improve sentiment, but the share price fell 7p to 311p.

Liquid milk sales were disappointing. Milk volumes were down 3 per cent because of radiation fears from Chernobyl.

Marshall's

Marshall's would be a juicy morsel for a predator hungry for high margin, value-added niche businesses.

Halifax

Pedestrian precincts are good news for Marshall's Halifax. More architects are specifying concrete-block paving in their designs.

Company News

PROPERTY PARTNERSHIPS: Figures in £000 for the half year to September 30. Interim was 3p (2.5p).

Appointments

Nissan Motor Manufacturing (UK): Mr Ian Gibson becomes deputy managing director.

London Financial Futures

Table of London financial futures prices for three-month sterling, eurodollar, and other instruments.

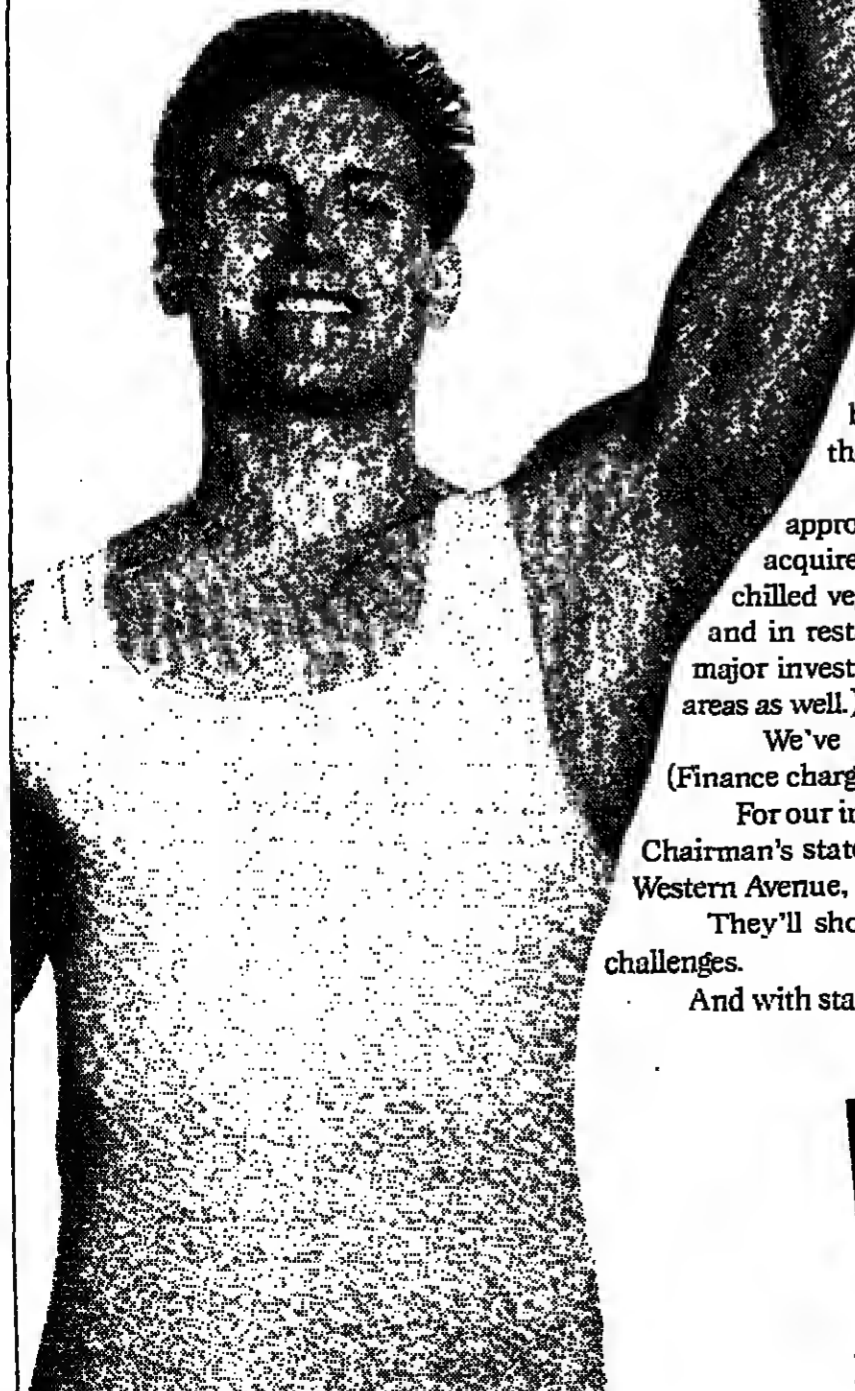
Recent Issues

Table of recent issues in equities, including Avia Europe, Lord Metropolitan, and others.

Rights Issues

Table of rights issues for various companies like Black & Lethbrum, Blue Arrow, etc.

ANOTHER PUSH FORWARD



Interim profits rise by over 30% for second successive year.

In the first half of 1986/87, Unigate's pretax profits were £47.1m; an increase of 37% on the previous year.

Which means that they're currently very nearly double the level of three years ago.

The success of our highly disciplined approach to corporate development is now beyond doubt.

We've shown our ability to stay ahead of the competition by anticipating market trends. (Like the move towards healthier eating that has taken St Ivel brands like Gold, Shape and Real to new heights in the market.)

We've proved the value of our strategically balanced approach to acquisitions and investment.

For our interim results in detail, and a copy of the accompanying Chairman's statement, please write to the Secretary, Unigate House, Western Avenue, London W3 0SH.

They'll show you a company with the muscle to meet today's challenges.

And with stamina for the future, as well.



How much money will you make in British Gas?

Generally speaking the private investor almost always makes money in new issues. But just how much depends on having the right information and getting the applications weighted "dead right".

BASE LENDING RATES

Table of base lending rates for various banks and financial institutions.

صحة من الامل

Portfolio Gold

From your portfolio card check your eight share price movements, on this page only. Add them up to give you your overall total and check this against the daily dividend figure. If it matches, you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

No.	Company	Group	Cash	Div
1	Collins	Foodstuffs	100	100
2	Pharos (GB)	Motors/Aircraft	100	100
3	Jervis (J) & Sons	Building/Roads	100	100
4	Walsley	Industrials S-Z	100	100
5	Widley	Textiles	100	100
6	EMAP 'A'	Engineering	100	100
7	FR Group	Motors/Aircraft	100	100
8	Low (Wm)	Foodstuffs	100	100
9	Br Mohar	Textiles	100	100
10	Shackley	Industrials S-Z	100	100
11	New London Oil	Oil	100	100
12	Ash & Lacey	Industrials A-D	100	100
13	TI	Industrials S-Z	100	100
14	Oil Search	Oil	100	100
15	BTFC	Industrials A-D	100	100
16	De Coo Auctions	Motors/Aircraft	100	100
17	Conroy & NCV	Property	100	100
18	Portsmouth Sand	Engineering	100	100
19	Ferry 'A'	Motors/Aircraft	100	100
20	Fick Design	Paper/Printing	100	100
21	Hanson	Industrials E-K	100	100
22	Chapman	Paper/Printing	100	100
23	GEC	Electricals	100	100
24	Gates (Frank G)	Motors/Aircraft	100	100
25	Marshall (Halifax)	Building/Roads	100	100
26	Briming	Paper/Printing	100	100
27	Cannock	Industrials A-D	100	100
28	RPI Industries	Building/Roads	100	100
29	Leeds Sec	Electricals	100	100
30	Widley	Industrials S-Z	100	100
31	Birkdale House	Industrials E-K	100	100
32	Partridge	Property	100	100
33	Mickey Sox	Property	100	100
34	Helical Bar	Building/Roads	100	100
35	Stand Sec	Property	100	100
36	Davis (Godfrey)	Motors/Aircraft	100	100
37	Body Shop	Drapers/Stores	100	100
38	Linford	Industrials L-R	100	100
39	Cliffords Daines	Foodstuffs	100	100
40	Arenon	Industrials A-D	100	100
41	Castlet (S)	Drapers/Stores	100	100
42	Ingram (Harold)	Textiles	100	100
43	Nest	Drapers/Stores	100	100
44	Logan	Paper/Print/Adv	100	100

Please take account of any minus signs

Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £8,000 in Saturday's newspaper.

MON	TUE	WED	THU	FRI	SAT	Weekly Total

BRITISH FUNDS

High	Low	Close	Change	Yield	Div

SHORTS (Under Five Years)

100	50	25	10	5	2	1

FIVE TO FIFTEEN YEARS

100	50	25	10	5	2	1

OVER FIFTEEN YEARS

100	50	25	10	5	2	1

UNDATED

100	50	25	10	5	2	1

INDEX-LINKED

High	Low	Close	Change	Yield	Div

BANKS DISCOUNT HP

High	Low	Close	Change	Yield	Div

STOCK EXCHANGE PRICES

Confident start to account

ACCOUNT DAYS: Dealings began yesterday. Dealings end December 5. Contango day December 8. Settlement day December 15.

Where stocks have only one price quoted, these are middle prices taken daily at 5pm. Yield, change and P/E ratio are calculated on the middle price.

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No.	Company	Price	Change	Yield	P/E
BREWERIES					
1	Adnams	100	0	4.5	15.2
2	Beck's	100	0	4.2	14.8
3	Carlsberg	100	0	4.8	15.5
4	Guinness	100	0	4.1	14.5
5	Heineken	100	0	4.6	15.1
6	King	100	0	4.3	14.9
7	London & Lancashire	100	0	4.4	15.0
8	Meux	100	0	4.7	15.3
9	Stout	100	0	4.0	14.6
10	Tottenham	100	0	4.5	15.1
11	Watney	100	0	4.2	14.8
12	Windsor	100	0	4.4	15.0
13	Woolley	100	0	4.1	14.7
14	Woolley & Dobson	100	0	4.3	14.9
15	Woolley & Warr	100	0	4.5	15.1
16	Woolley & Warr	100	0	4.2	14.8
17	Woolley & Warr	100	0	4.4	15.0
18	Woolley & Warr	100	0	4.1	14.7
19	Woolley & Warr	100	0	4.3	14.9
20	Woolley & Warr	100	0	4.5	15.1
21	Woolley & Warr	100	0	4.2	14.8
22	Woolley & Warr	100	0	4.4	15.0
23	Woolley & Warr	100	0	4.1	14.7
24	Woolley & Warr	100	0	4.3	14.9
25	Woolley & Warr	100	0	4.5	15.1
26	Woolley & Warr	100	0	4.2	14.8
27	Woolley & Warr	100	0	4.4	15.0
28	Woolley & Warr	100	0	4.1	14.7
29	Woolley & Warr	100	0	4.3	14.9
30	Woolley & Warr	100	0	4.5	15.1
31	Woolley & Warr	100	0	4.2	14.8
32	Woolley & Warr	100	0	4.4	15.0
33	Woolley & Warr	100	0	4.1	14.7
34	Woolley & Warr	100	0	4.3	14.9
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45	Woolley & Warr	100	0	4.5	15.1
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51	Woolley & Warr	100	0	4.2	14.8
52	Woolley & Warr	100	0	4.4	15.0
53	Woolley & Warr	100	0	4.1	14.7
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55	Woolley & Warr	100	0	4.5	15.1
56	Woolley & Warr	100	0	4.2	14.8
57	Woolley & Warr	100	0	4.4	15.0
58	Woolley & Warr	100	0	4.1	14.7
59	Woolley & Warr	100	0	4.3	14.9
60	Woolley & Warr	100	0	4.5	15.1
61	Woolley & Warr	100	0	4.2	14.8
62	Woolley & Warr	100	0	4.4	15.0
63	Woolley & Warr	100	0	4.1	14.7
64	Woolley & Warr	100	0	4.3	14.9
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66	Woolley & Warr	100	0	4.2	14.8
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78	Woolley & Warr	100	0	4.1	14.7
79	Woolley & Warr	100	0	4.3	14.9
80	Woolley & Warr	100	0	4.5	15.1
81	Woolley & Warr	100	0	4.2	14.8
82	Woolley & Warr	100	0	4.4	15.0
83	Woolley & Warr	100	0	4.1	14.7
84	Woolley & Warr	100	0	4.3	14.9
85	Woolley & Warr	100	0	4.5	15.1
86	Woolley & Warr	100	0	4.2	14.8
87	Woolley & Warr	100	0	4.4	15.0
88	Woolley & Warr	100	0	4.1	14.7
89	Woolley & Warr	100	0	4.3	14.9
90	Woolley & Warr	100	0	4.5	15.1
91	Woolley & Warr	100	0	4.2	14.8
92	Woolley & Warr	100	0	4.4	15.0
93	Woolley & Warr	100	0	4.1	14.7
94	Woolley & Warr	100	0	4.3	14.9
95	Woolley & Warr	100	0	4.5	15.1
96	Woolley & Warr	100	0	4.2	14.8
97	Woolley & Warr	100	0	4.4	15.0
98	Woolley & Warr	100	0	4.1	14.7
99	Woolley & Warr	100	0	4.3	14.9
100	Woolley & Warr	100	0	4.5	15.1
BUILDINGS AND ROADS					
1	Amey	100	0	4.5	15.2
2	Bechtel	100	0	4.2	14.8
3	Carillion	100	0	4.8	15.5
4	Chambers	100	0	4.1	14.5
5	Chubb	100	0	4.6	15.1
6	Chubb	100	0	4.3	14.9
7	Chubb	100	0	4.4	15.0
8	Chubb	100	0	4.7	15.3
9	Chubb	100	0	4.0	14.6
10	Chubb	100	0	4.5	15.1
11	Chubb	100	0	4.2	14.8
12	Chubb	100	0	4.4	15.0
13	Chubb	100	0	4.1	14.7
14	Chubb	100	0	4.3	14.9
15	Chubb	100	0	4.5	15.1
16	Chubb	100	0	4.2	14.8
17	Chubb	100	0	4.4	15.0
18	Chubb	100	0	4.1	14.7
19	Chubb	100	0	4.3	14.9
20	Chubb	100	0	4.5	15.1
21	Chubb	100	0	4.2	14.8
22	Chubb	100	0	4.4	15.0
23	Chubb	100	0	4.1	14.7
24	Chubb	100	0	4.3	14.9
25	Chubb	100	0	4.5	15.1
26	Chubb	100	0	4.2	14.8
27	Chubb	100	0	4.4	15.0
28	Chubb	100	0	4.1	14.7
29	Chubb	100	0	4.3	14.9
30	Chubb	100	0	4.5	15.1
31	Chubb	100	0	4.2	14.8
32	Chubb	100	0	4.4	15.0
33	Chubb	100	0	4.1	14.7
34	Chubb	100	0	4.3	14.9
35	Chubb	100	0	4.5	15.1
36	Chubb	100	0	4.2	14.8
37	Chubb	100	0	4.4	15.0
38	Chubb	100	0	4.1	14.7
39	Chubb	100	0	4.3	14.9
40	Chubb	100	0	4.5	15.1
41	Chubb	100	0	4.2	14.8
42	Chubb	100	0	4.4	15.0
43	Chubb	100	0	4.1	14.7
44	Chubb	100	0	4.3	14.9
45	Chubb	100	0	4.5	15.1
46	Chubb	100	0	4.2	14.8
47	Chubb	100	0	4.4	15.0
48	Chubb	100	0	4.1	14.7
49	Chubb	100	0	4.3	14.9
50	Chubb	10			

THE TIMES UNIT TRUST INFORMATION SERVICE

Main table containing unit trust information with columns for Bid, Offer, Weekly Change, and various fund names.

UNLISTED SECURITIES table with columns for High, Low, Company, Bid, Offer, Price, Dividend, and P/E ratio.

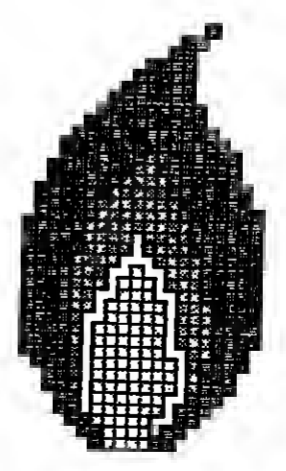
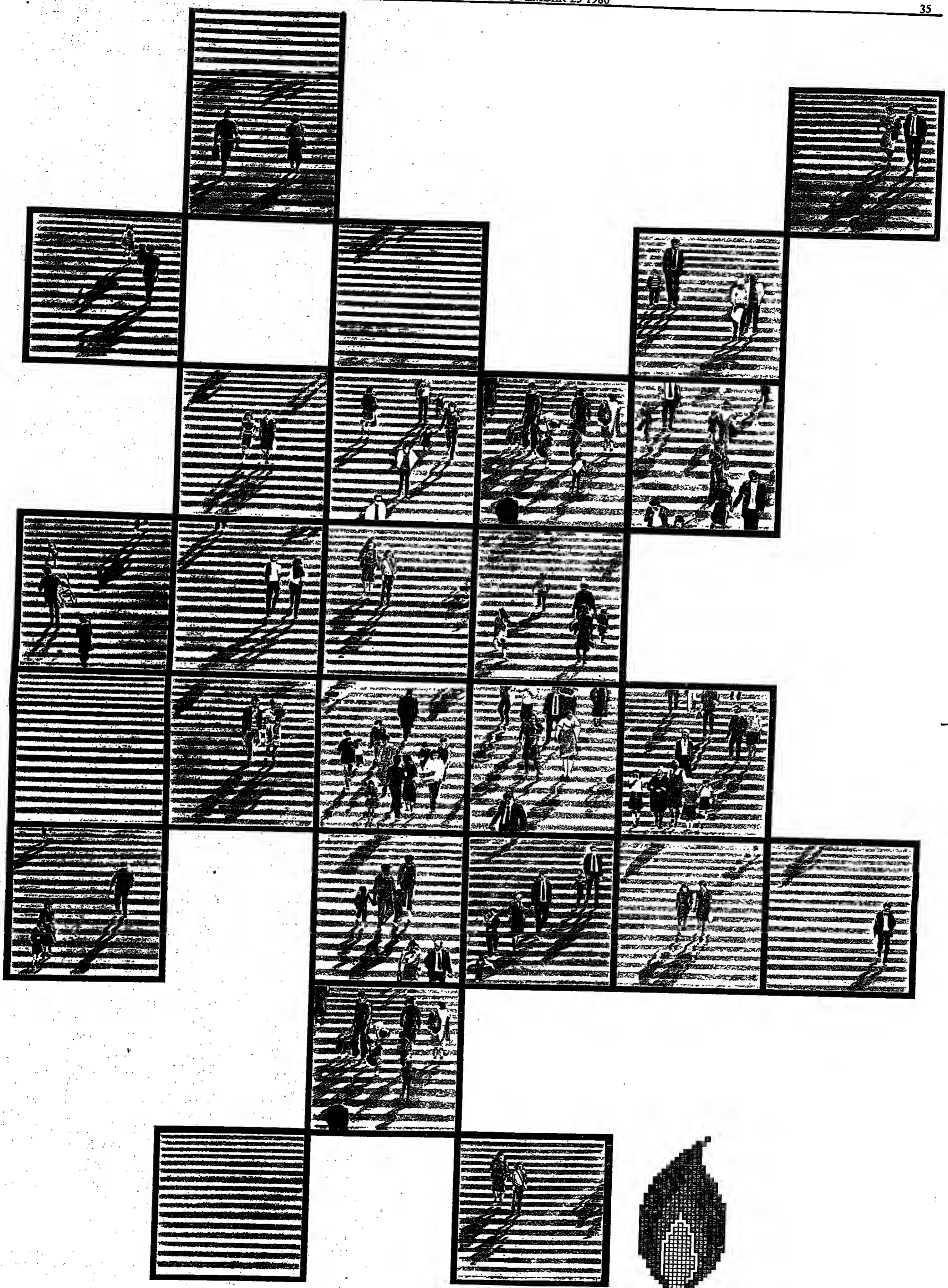
INVESTMENT TRUSTS table with columns for High, Low, Company, Bid, Offer, Price, Dividend, and P/E ratio.

COMMODITIES table with sections for LONDON COMMODITY EXCHANGE, LONDON METAL EXCHANGE, LONDON POTATO FUTURES, and LONDON GRAIN FUTURES.

Where stocks have only one price quoted, these are middle prices taken daily at 5pm. Yield, change and P/E are calculated on the middle price.



Financial news and commentary, including a section titled 'The prices in this section refer to Friday's trading'.



**British Gas plc
Offer for Sale**

The Directors of the Company are responsible for the information contained in this document other than the information in Sections II, VII (Parts G, H and I), VIII, IX and X of this document for which the Secretary of State is responsible. The Secretary of State is also responsible jointly with the Directors for the information in Section III of this document. To the best of the knowledge and belief of the Directors and the Secretary of State, who have taken all reasonable care to ensure that such is the case, the information contained in this document for which they are respectively responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors and the Secretary of State accept responsibility accordingly.

British Gas plc

Offer for Sale

by

N M Rothschild & Sons Limited

on behalf of

The Secretary of State for Energy

Under the Offer for Sale in the United Kingdom and separate offerings in the United States, Canada, Japan and Europe

4,025,500,000 Ordinary Shares of 25p each are being offered at 135p per share of which 50p is payable now, 45p is payable on 9th June, 1987 and 40p is payable on 19th April, 1988.

The Offer for Sale in the United Kingdom has been underwritten by

N M Rothschild & Sons Limited

Kleinwort Benson Limited

Barclays de Zoete Wedd Limited Baring Brothers & Co., Limited Charterhouse Bank Limited
County Limited Robert Fleming & Co. Limited Hambros Bank Limited Hill Samuel & Co. Limited
Lazard Brothers & Co., Limited Lloyds Merchant Bank Limited Samuel Montagu & Co. Limited
Morgan Grenfell & Co. Limited J. Henry Schroder Wagg & Co. Limited S.G. Warburg & Co. Ltd.

A copy of this document, which comprises the listing particulars in relation to the Company required by The Stock Exchange (Listing) Regulations 1984, has been delivered for registration to the Registrar of Companies in England and Wales in accordance with those Regulations. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital, issued and to be issued, of the Company to be admitted to the Official List. This document is not for distribution in the United States or Canada.

KEY INFORMATION

The following information should be read in conjunction with the full text of this document.

THE BUSINESS

British Gas is the largest integrated gas supply business in the western world, providing over 99 per cent. of the natural gas used in Great Britain. It supplies over half of the energy used in British households and about a third of the energy used by British industry and commerce, after excluding fuel used for transport. It has nearly 17 million customers.

The primary activity of British Gas is the purchase, distribution and sale of gas, supported by a broad range of services to customers and by the marketing of gas appliances. British Gas supplements the purchase of gas from third parties by its own exploration and production activities.

More than half of the gas sold by British Gas is used by domestic customers, whose main point of contact with British Gas is provided by a network of nearly 800 showrooms. Industry, particularly the chemicals and engineering sectors, uses over a quarter of the gas sold. Commercial customers, such as schools, offices and hospitals, account for the remaining gas sales.

British Gas has an impressive record of business performance, of which the key features are:

- the total number of therms sold was nearly 40 per cent. higher in the year ended 31st March, 1986 than in the year ended 31st March, 1976 and 14 per cent. higher than in the year ended 31st March, 1981, despite some reduction in total United Kingdom energy demand since 1979
- overall market share in terms of energy supplied to final users (excluding transport) reached 44 per cent. in 1985 compared with 28 per cent. in 1975 and 39 per cent. in 1980
- significant improvements in productivity were reflected in the number of therms sold per employee increasing by nearly 32 per cent., and customers per employee increasing by more than 25 per cent., over the five years ended 31st March, 1986
- the level of profits in the last five financial years enabled a £3.6 billion capital expenditure programme, including the major developments of the South Morecambe and Rough gas fields, to be financed entirely out of cash generated from operations, while the cash resources increased by more than £600 million over the period.

In the past the affairs of British Gas were significantly influenced by government controls and constraints, in particular by the application of financial targets. Under this regime, which will cease to apply when the Company leaves the public sector, British Gas achieved in the five years ended 31st March, 1986 an average annual pre-tax return on net assets of 4.8 per cent. on a current cost basis and of 19.5 per cent. on an historical cost basis.

In preparation for the move into the private sector, the business of the Corporation was transferred to the Company in August 1986, and the capital structure has been changed by the introduction of indebtedness and the creation of share capital. In addition, a new regulatory regime has been established which places limitations on gas prices charged in the tariff sector (mainly domestic sales) but not in the contract sector (mainly industrial sales).

The Directors consider that there is potential for further steady growth in sales to customers in the domestic and commercial markets where British Gas has a strong position. In the industrial market there has been a substantial reduction in turnover this year, although the recent modest recovery in oil prices has enabled British Gas to recover some sales. The reduction in turnover should be offset by the benefit of lower gas costs in the current financial year and there is expected to be a further reduction in gas costs in the next financial year as a result of the delayed effect of the overall fall in oil prices in 1986.

The Directors recognise that the ending of government controls and constraints following the move out of the public sector will provide wider commercial opportunities than have been available in the past, and believe that there are good prospects for the future development of the business.

OFFER FOR SALE STATISTICS

Offer for Sale price (payable by instalments)	135p
Market capitalisation at the Offer for Sale price	£5,602.5 million
Price earnings multiple based on pro forma HCA earnings of 13.9p per Ordinary Share forecast for the year ending 31st March, 1987	9.7 times
Gross dividend yield at the Offer for Sale price based on notional net annual dividends of 6.5p per Ordinary Share	6.8 per cent.

FINANCIAL INFORMATION

British Gas prepares its accounts under the current cost convention so as to give due regard to the long life of its capital assets. The accounts include historical cost financial information in order to facilitate comparisons with publicly-quoted companies. Set out below are the unadjusted and pro forma results for the year ended 31st March, 1986 and the forecast results for the year ending 31st March, 1987 on a current cost and on an historical cost basis:

Current cost			Historical cost		
Year ended	Forecast for year ending		Year ended	Forecast for year ending	
31st March, 1986	31st March, 1987		31st March, 1986	31st March, 1987	
£ million	£ million	Unadjusted	£ million	£ million	
688	787	Operating profit	1,006	1,030	
782	836	Profit before taxation	1,100	1,071	
402	442	Profit after taxation	720	677	
£ million	£ million	Pro forma	£ million	£ million	
559	671	Profit before taxation	831	884	
287	362	Profit after taxation	559	575	
6.9p	8.7p	Earnings per share	13.5p	13.9p	

Notes:

- The profit forecast described in Part E of Section I is made by the Directors on the basis of the assumptions set out in Section V. In particular, the results for the year ending 31st March, 1987 would be affected if the weather were to vary significantly during the remainder of the year from the seasonal normal pattern.
- In arriving at the unadjusted profit before taxation forecast for the year ending 31st March, 1987 £86 million has been charged in respect of interest on the debenture issued to H.M. Treasury.
- Pro forma figures have been set out above in order to give an indication of the profit of British Gas for the year ended 31st March, 1986 and the forecast profit for the year ending 31st March, 1987 as if the new capital structure had been in place throughout the two years (see Part B of the accountants' report).
- British Gas charges the cost of replacing certain categories of fixed assets against the profit and loss account. The effect of this policy over the last five years is set out in Part D of Section I.
- Financial information on British Gas for the five years ended 31st March, 1986 is set out in the accountants' report (see Section IV).

STRUCTURE OF THE COMBINED OFFER

Under the Combined Offer H.M. Government is now offering for sale 4,025.5 million Ordinary Shares, representing 97 per cent. of the ordinary share capital, issued and to be issued, of the Company. This number includes up to 795.5 million shares which are the subject of separate offerings in the United States, Canada, Japan and Europe, all of which have been fully underwritten.

Under the Offer for Sale in the United Kingdom certain institutional investors are being allocated 1,615 million shares. A further 1,615 million shares are being made available to the general public (the "U.K. Public Offer"), including eligible British Gas customers, employees and pensioners. If valid applications under the U.K. Public Offer are received for more than 3,230 million shares, the allocations to institutional investors and to the overseas offerings will be reduced by 40 per cent. (964.2 million shares in aggregate) and the number of shares available for the U.K. Public Offer will be increased accordingly from 1,615-million to 2,579.2 million.

By 14th November, 1986 about five and a half million people had registered as customers with the British Gas Share Information Office. Each customer who is eligible has been guaranteed, on application, a minimum allocation of 200 shares; up to ten per cent. of the U.K. Public Offer has been set aside to give greater allocations to such customers who apply.

The Secretary of State is excluding from the Combined Offer 124.5 million shares, representing three per cent. of the ordinary share capital. Of these, 38 million shares are being offered separately by the Secretary of State to eligible British Gas employees and pensioners under the Free Offer, the Matching Offer and the Pensioner Free Offer (as defined in Section IX). In addition, eligible British Gas employees and pensioners will be given priority in allocations under the U.K. Public Offer. Of the ordinary share capital, issued and to be issued, of the Company five per cent. is being reserved for eligible British Gas employees and pensioners under these offers.

The balance of the shares excluded by the Secretary of State from the Combined Offer (not less than 86.5 million shares) is being retained by him to meet share bonus entitlements. If this balance is insufficient to meet the maximum entitlements to bonus shares arising from applications under the U.K. Public Offer, the Secretary of State will withdraw from the U.K. Public Offer such number of shares as is required to meet these entitlements. If it is sufficient, then any remaining balance of the retained shares will be reserved for entitlements to the share bonus under the overseas offerings. The Secretary of State will, if necessary, retain out of the overseas offerings any further shares required to meet overseas share bonus entitlements.

SPECIAL INCENTIVES: BILL VOUCHERS OR SHARE BONUS

Individuals buying shares under the U.K. Public Offer may be eligible to receive free of charge from H.M. Government either bill vouchers for use against gas bills from British Gas or a share bonus of one share for every ten held continuously for three years, subject to a maximum bonus of 500 shares. The bill vouchers will be issued over a period of three years on the basis of £10 for every 100 shares held continuously up to the relevant qualifying dates, subject to a maximum value of £250. Further details are set out in Section VIII.

INSTALMENT ARRANGEMENTS

The Offer for Sale price is 135p per Ordinary Share, of which 50p is payable on application, 45p on Tuesday, 9th June, 1987 and 40p on Tuesday, 19th April, 1988.

Until payment of the final instalment the Ordinary Shares sold on instalment terms will be registered in the name of National Westminster Bank PLC. In the first instance they will be represented by renounceable letters of acceptance, which will be superseded in due course by Interim Certificates issued by National Westminster Bank PLC.

The expected timetable for the issue of documents is set out in Section IX. On registration of a renunciation or transfer, the liability to pay instalments will pass to the renounee or transferee. Following payment of the final instalment, the Ordinary Shares will be transferred, free of stamp duty or stamp duty reserve tax, into the name of the last registered holder. A summary of the Instalment Agreement is set out in Section VII.

SPECIAL DEALING ARRANGEMENTS

Special arrangements have been made to facilitate and reduce the cost of dealings in small numbers of shares. Details of these arrangements are set out in Section IX.

British Gas plc continued 3

DIRECTORS AND ADVISERS

Directors of the Company

Chairman Sir Denis Rooke, CBE FRS FEEng
Chief Executive Robert Evans
Executive Directors Christopher Wadsworth Brierley, Charles Edward Donovan, William George Jewers, CBE, James McHugh, FEEng, William Ronald Probert, Allan Sutcliffe
Non-executive Directors Roger Humphrey Boissier, Richard Greenbury, Sir Martin Wakefield Jacomb, Sir Leslie Smith
Company Secretary Gilbert Charles Hogg
 all of Rivermill House, 152 Grosvenor Road, London SW1V 3JL (the registered office of the Company)

Advisers

Financial advisers to H.M. Government N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU
Financial advisers to the Company Kleinwort Benson Limited, 20 Fenchurch Street, London EC3P 3DB
Solicitors to the Offer for Sale Slaughter and May, 35 Basinghall Street, London EC2V 5DB
Solicitors to the Company Herbert Smith, Watling House, 35 Cannon Street, London EC4M 5SD
Solicitors to the underwriters Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA
Brokers to the Offer for Sale Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN; Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB; James Capel & Co., James Capel House, 6 Bevis Marks, London EC3A 7JQ; Wood Mackenzie & Co. Ltd., 100 Wood Street, London EC2P 2AJ
Auditors and reporting accountants Price Waterhouse, Chartered Accountants, Southwark Towers, 32 London Bridge Street, London SE1 9SY
Reporting petroleum consultants ERC Energy Resource Consultants Limited, 15 Welbeck Street, London W1M 7PF
Accounting advisers to H.M. Government Tonche Ross & Co., Chartered Accountants, Hill House, 1 Little New Street, London EC4A 3TR
Registrars and custodian bank National Westminster Bank PLC, Registrar's Department, Caxton House, P.O. Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ

SHARE CAPITAL AND INDEBTEDNESS

Share capital following the Combined Offer

Authorised	Issued and to be issued, and fully paid or credited as fully paid
£1,375,000,000	£1,037,500,000
£1 Ordinary Shares of 25p each	£1 Special Rights Redeemable Preference Share of £1

The Ordinary Shares now offered for sale will rank in full for all dividends declared or paid on the ordinary share capital of the Company after the date of this document, special arrangements apply to capitalisation and rights issues and non-cash dividends during the instalment period.

Indebtedness

At the close of business on 10th October, 1986 British Gas had a secured short-term borrowing of £1 million, a secured loan of £5 million and finance lease commitments of £10 million. At that date British Gas had cash, bank balances and short-term investments amounting to £1,580 million.

Save as disclosed above, at that date British Gas did not have any loan capital outstanding or created but unissued, term loans or any other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase or lease commitments, mortgages, charges or any material guarantees or other material contingent liabilities.

On 20th November, 1986 a £2,500 million unsecured debenture was issued by the Company to H.M. Treasury as part of the overall change made in its capital structure. Except for this debenture British Gas has not, since 10th October, 1986, incurred any material indebtedness.

TIMETABLE

Completed application forms to be received by	10 a.m. on Wednesday, 3rd December, 1986
Basis of allocation expected to be announced by	Monday, 8th December, 1986
Dealings expected to commence in London at	2.30 p.m. on Monday, 8th December, 1986
Despatch of non-remittable letters of acceptance expected on	Monday, 15th December, 1986
Last date for registration of renunciation	Friday, 20th February, 1987
Payment of second instalment	Tuesday, 9th June, 1987
Payment of final instalment	Tuesday, 19th April, 1988

DEFINITIONS

"Authorisation" the authorisation to supply gas granted to British Gas and described under "Regulatory Environment" in Section III
"billion" one thousand million
"British Gas" British Gas Public Limited Company and its subsidiaries and/or, as the case may be, their respective predecessors in business or any of them
"Bcf" billion standard cubic feet measured at 60 degrees Fahrenheit and 14.7 pounds per square inch (standard temperature and pressure)
"CCA" financial information prepared under the current cost convention (as explained in the accountants' report in Section IV)
"Combined Offer" the Offer for Sale and the separate offerings in the United States, Canada, Japan and Europe referred to herein
"Company" British Gas Public Limited Company
"contract customer" a person who is supplied with gas by British Gas under a contract which provides for a minimum supply in excess of 25,000 therms per annum or which is entered into in circumstances where tariffs are not appropriate
"Corporation" British Gas Corporation
"Gas Act" the Gas Act 1986
"HCA" financial information prepared under the historical cost convention
"Instalment Agreement" the agreement summarised in Section VII
"Interim Certificates" the certificates evidencing rights to and obligations in respect of Ordinary Shares to be issued pursuant to the Instalment Agreement pending payment in full of the Offer for Sale price
"lb/ft²" the pressure at a point measured as a force in pounds weight on every square inch of area
"MMbbl" million barrels
"Offer for Sale" the offer for sale of up to 3,548.2 million Ordinary Shares being made by N M Rothschild & Sons Limited on behalf of the Secretary of State and described herein
"Ordinary Shares" Ordinary Shares of 25p each in the Company
"petroleum" a range of naturally formed fluid substances consisting mainly of hydrocarbons, including gas, condensate and oil
"Secretary of State" the Secretary of State for Energy
"Special Share" the Special Rights Redeemable Preference Share of £1 in the Company
"tariff customer" a person who is supplied with gas by British Gas otherwise than under a contract which provides for a minimum supply in excess of 25,000 therms per annum or which is entered into in circumstances where tariffs are not appropriate
"UKCS" United Kingdom Continental Shelf

References to the supply or provision of gas are, unless otherwise stated, to the supply or provision of gas through pipes, and references to gas suppliers should be construed accordingly.

A therm is one hundred thousand British thermal units where one British thermal unit is the quantity of heat required to raise the temperature of one pound of water from 58° Fahrenheit to 59° Fahrenheit. One therm is approximately equivalent to 100 cu. ft of natural gas.

The statistics for market share and therms of gas sold, which are illustrated in the graphs in "The market for gas" in Part B of Section I, are derived from the Department of Energy Digests of United Kingdom Energy Statistics. Such statistics are shown on a calendar year basis. In the case of gas, unless the context otherwise requires, figures refer to the total sales and market share of gas in the United Kingdom (whether or not the gas was supplied by British Gas). However, British Gas provides over 99 per cent. of the natural gas used in the United Kingdom. The proportion of the total energy market held by each fuel is measured in therms on the basis of heat supplied to final users and calculated after excluding fuel used for transport. In accordance with the general practice in the Digests, the energy market excludes oil for uses other than energy but includes all uses of gas, since statistics on its non-energy use are not available.

SECTION I

THE BUSINESS OF BRITISH GAS

A HISTORICAL BACKGROUND

Gas has been used as a source of energy in Great Britain since William Murdock made gas from coal in 1792 to light his home in Redruth, Cornwall. The first public supply of gas was made under a Royal Charter granted in 1812 to the Gas Light and Coke Company for street lighting in London. Street lighting continued to be the main application for gas for many years and by 1850 the number of gas suppliers had grown to nearly 700. Thereafter the use of gas in the home and in industry increased to such an extent that by the mid-1930s there were about eleven million gas customers.

In those early days gas was supplied by both private companies and municipal undertakings. However, the Gas Act 1948 resulted in the nationalisation of all 1,046 gas companies and undertakings in Great Britain and these were amalgamated into 12 largely autonomous Area Boards. At the same time the Gas Council was established to advise the Minister of Fuel and Power and to assist the Area Boards, for example by borrowing money and carrying out research on their behalf.

Until the 1950s gas was produced mainly from coal but sharp increases in coal and labour costs led to a stagnation in gas sales and prompted the search for more economic means of producing gas. The main technological advance achieved in the late 1950s and early 1960s was the production of high pressure gas through the gasification of oil using light petroleum distillates. This advance led to cost reductions, and gas sales increased significantly in the early 1960s.

Natural gas was first introduced on a commercial scale into Great Britain in 1964 when it was imported by British Gas in liquefied form from Algeria. This gas was landed at Canvey Island and distributed in a high pressure pipeline extending to Leeds and supplying eight of the Area Boards. At that time natural gas had to be processed to make it suitable for use in existing appliances.

The importance of natural gas grew as substantial quantities were discovered in the North Sea in the mid-1960s. Within two years of H.M. Government issuing the first North Sea production licences in 1964, it was decided that all gas appliances should be converted to use natural gas and that a national high pressure gas transmission system should be constructed. At this time and until 1982 all natural gas production from the UKCS had to be offered for sale to British Gas unless used for certain industrial purposes. The main conversion operation started in 1967 following the first landing of natural gas from the North Sea. Within little more than ten years the operation was completed and a total of about 35 million appliances used by more than 13 million customers had been converted to natural gas. The availability of abundant, low-cost supplies of natural gas enabled British Gas to achieve rapid growth; the number of therms of gas sold increased nearly four-fold in the twelve years ended 31st March, 1980.

Under the Gas Act 1972 the Gas Council was renamed the British Gas Corporation and took over the operations of the 12 separate Area Boards. This Act gave the Corporation increased power to search for and obtain supplies of gas and introduced the objective of profitability. It also continued the obligation contained in the Gas Act 1948 to supply premises within 25 yards of a gas main upon request; this obligation to supply was subsequently restricted to requests for supplies not exceeding 25,000 therms per annum. During 1983 and 1984 the Corporation disposed of the majority of its oil interests, for which it was not compensated, pursuant to directions from the Secretary of State.

In May 1985 H.M. Government announced its intention to sell shares in British Gas to the public and the necessary legislation (the Gas Act 1986) received Royal Assent on 25th July, 1986. This provided for the business of the Corporation to be transferred to the Company and established the regulatory regime (described in detail in Section III) which now applies to British Gas.

B REVIEW OF ACTIVITIES

1. Introduction

The primary business of British Gas is the supply of gas to domestic, industrial and commercial customers in Great Britain. It is an integrated business extending from gas fields to customers' premises by way of extensive transmission and distribution systems. Its activities range from the exploration for, and production of, natural gas to the sale, installation and maintenance of gas appliances.

British Gas reports its revenues and costs by reference to five separate profit centres of which by far the most important is the gas supply business. The turnover and operating results of these profit centres for the financial year ended 31st March, 1986 are set out below:

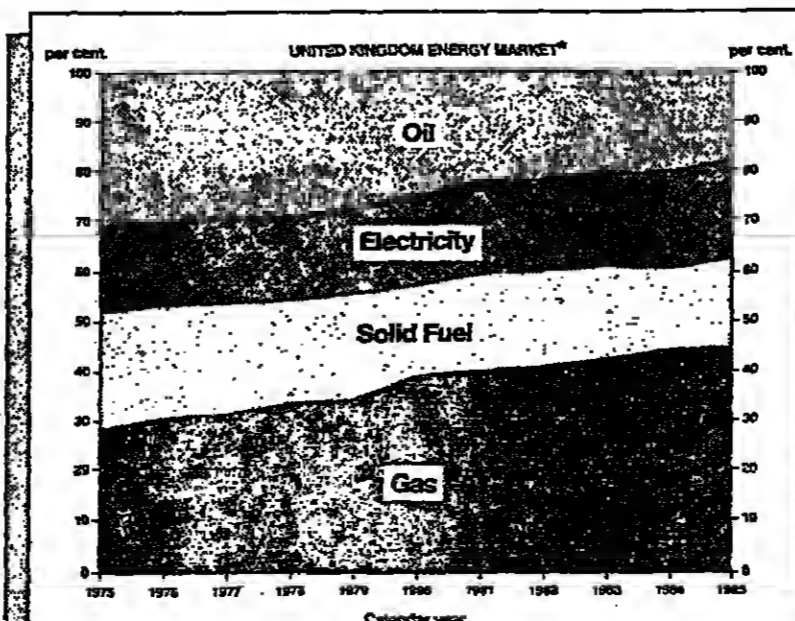
Profit centre	Turnover £ million	Operating results	
		CCA £ million	HCA £ million
Gas supply	7,109	703	1,006
Installation and contracting	275	11	13
Appliance trading	278	12	17
Exploration subsidiaries	94	(43)	(39)
Other activities	21	5	9
	7,777*	688	1,006

*£7,687 million after excluding £90 million of intra-group sales.

2. The market for gas

British Gas is the leading supplier in the United Kingdom energy market (excluding transport) and, as shown in the graph below, gas provided over 44 per cent. of energy supplied to final users in the year ended 31st December, 1985. If the non-energy uses of all fuels were included, its share of the wider market (again excluding transport) would have been 41 per cent. for the year.

During the period covered by the graph total annual energy demand in this market declined by six per cent., while annual consumption of gas increased. The success of gas owed much to its price relative to competing fuels, its attractiveness as a clean, controllable and reliable fuel, which unlike oil and solid fuel does not have to be stored by the customer, and to the marketing efforts of British Gas.



*See definitions for an explanation of market statistics. Source: Department of Energy Digests of United Kingdom Energy Statistics published by H.M.S.O.

British Gas has nearly 17 million customers in England, Scotland and Wales and provides over 99 per cent. of the natural gas used in the United Kingdom. A breakdown of its sales and customers by market is shown in the following table:

Market	Year ended 31st March, 1986		At 31st March, 1986	
	Therms sold	Sales value	Customers	
Domestic	53.7	61.2	96.5	%
Industrial	31.6	24.6	0.5	%
Commercial	14.7	14.2	3.0	%
	100.0	100.0	100.0	%

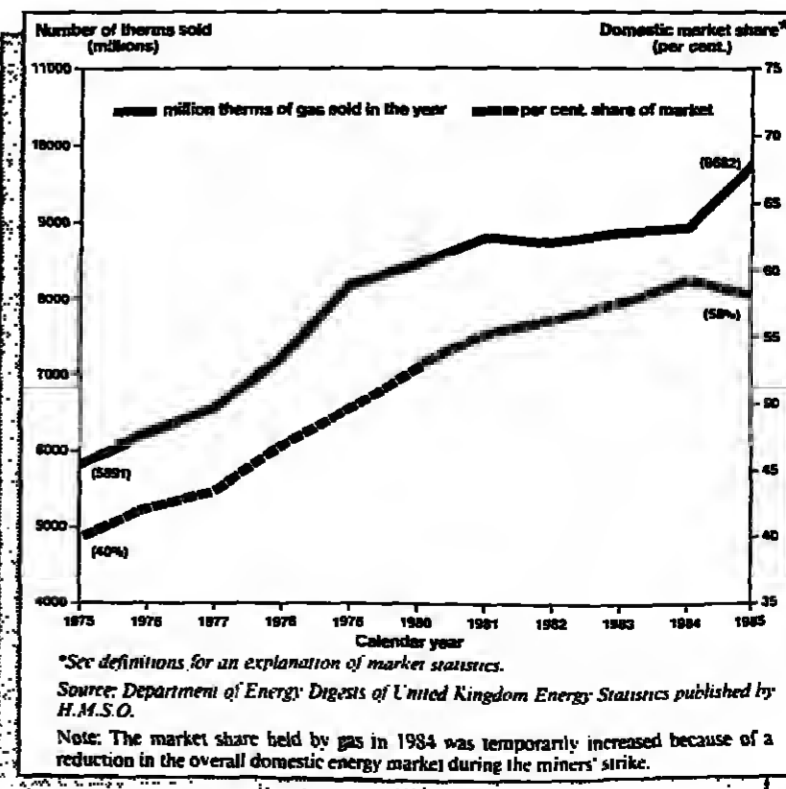
*Includes very small quantities supplied to power stations.

An analysis of the market for gas and of the activities of British Gas within that market is set out below.

(a) The domestic market

As illustrated in the graph, the number of therms of gas sold in the domestic market increased by more than 60 per cent. from 1975 to 1985. During this period the total demand for energy in the home increased by over 13 per cent. and the proportion held by gas rose from 40 per cent. to 58 per cent., mainly at the expense of solid fuel and, to some extent, oil and electricity.

Gas is used in the domestic market for home heating, water heating and cooking where it is in competition mainly with electricity. Competition in the domestic market is limited, at least in the short term, to the extent that most domestic customers cannot economically change their source of fuel, particularly for central heating which accounts for more than half of domestic gas sales.



British Gas has increased sales in the domestic market by three main methods: first, by encouraging more householders within the area in which a gas supply is already available to have a gas supply connected; secondly, by laying mains to extend this gas supply area; and thirdly, by promoting the use of gas in preference to other fuels, primarily by persuading existing customers to extend the range of gas appliances which they use.

British Gas plc continued 4

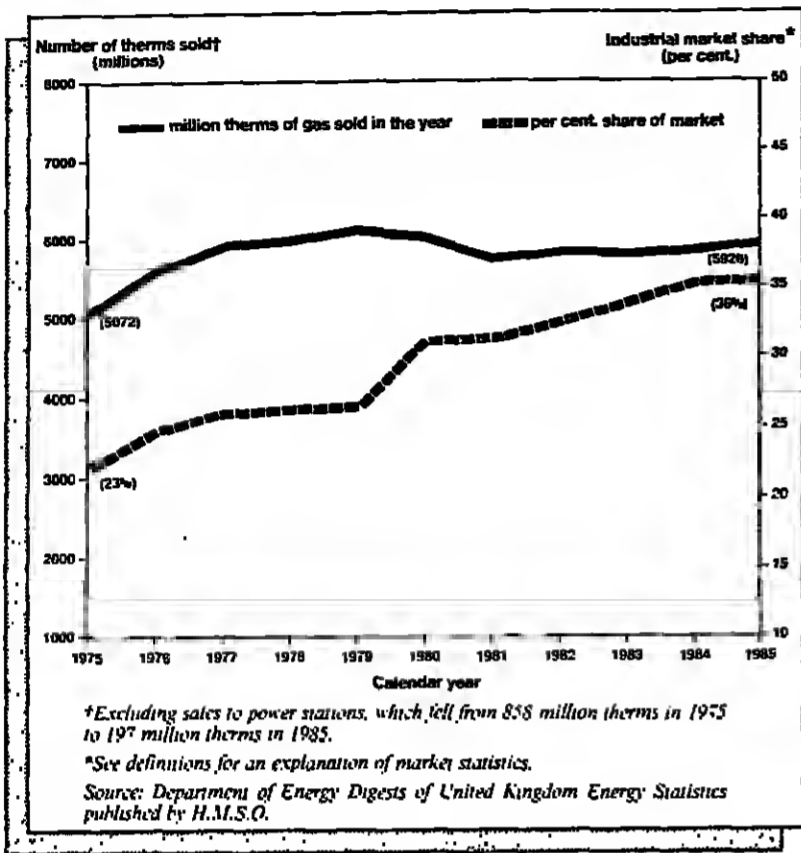
Of the 20.8 million households in Great Britain, some 17.8 million are within the existing gas supply area and, of these, more than 16.2 million are gas users. The number of households connected with gas has increased by nearly 1.3 million in the five years ended 31st March, 1986. New housing, which has been a significant source of growth, accounted for over half of this number. Over 80 per cent. of new homes built in Great Britain in the five years ended 31st March, 1986 have been connected with gas.

An important factor in the rise in domestic consumption in the five years ended 31st March, 1986 was the increasing use of gas for central heating. Of all central heating systems installed in this five-year period, 76 per cent. were gas-fired. The number of households in Great Britain with gas central heating is approximately 10.4 million.

Research and development are used extensively to support the domestic market. New materials and pipelaying methods have helped to reduce the costs of connection, enabling the gas supply area to be extended more economically. In addition, co-operation with manufacturers in the development of high-efficiency domestic boilers and of improved designs for cookers and fires has encouraged the wider use of gas appliances.

(b) The industrial market

Gas has a major share of the industrial energy market. Although the number of therms of gas sold declined as a result of the decrease in overall industrial demand for energy in the United Kingdom since 1979, gas was less affected than other fuels. The graph shows that gas increased its share of the industrial energy market (excluding transport) from 23 per cent. in 1975 to 36 per cent. in 1985. If the non-energy uses of all fuels were included, its share of the wider market (again excluding transport) would have increased from 19 per cent. to 29 per cent. in the same period.



*Excluding sales to power stations, which fell from 858 million therms in 1975 to 197 million therms in 1985.
*See definitions for an explanation of market statistics.
Source: Department of Energy Digests of United Kingdom Energy Statistics published by H.M.S.O.

In the current calendar year there has been a reduction in the number of therms sold and market share. While industrial sales by British Gas in the first quarter of 1986 showed little decline, a significant reduction took place in the period from April to August, when the number of therms of gas sold was nearly 20 per cent. lower than in the comparable period in 1985. This reduction resulted partly from lower sales of gas as a chemical feedstock caused by difficult conditions in the international fertiliser and methanol markets and, following the sharp fall in oil prices, partly from some customers with an alternative fuel readily available switching from gas. However, the recent modest recovery in oil prices has enabled British Gas to recover some sales. The total number of therms sold in the industrial market for the full calendar year is expected to be around 13 per cent. lower than for 1985.

The industrial market is highly diverse and is characterised by the large volume of gas supplied per customer, for the most part under individually negotiated contracts. Gas is used by many different types of customer for a wide range of processes, which can be divided into two principal categories.

In the first category, gas is used as a "premium" fuel, competing principally against gas oil and, in some sectors, liquefied petroleum gas and electricity. In this category gas is used primarily by customers who require a fuel which is clean, readily controllable and does not have to be stored. These customers normally enter into "firm" contracts with British Gas (that is, without provision for interruption). Examples of the industrial uses of gas as a premium fuel are direct drying in the food industry, heat treatment of metals and the manufacture of glass and ceramics.

In the second category, gas is used as a "non-premium" fuel, competing against heavy fuel oil and coal where crude bulk heat is required. British Gas usually sells such gas under terms which give it the right to interrupt supplies in order to assist in matching overall supply and demand. This right to interrupt supplies to certain industrial customers reduces the need for expensive peak supply facilities and is reflected in the lower prices charged under interruptible contracts.

In addition to the two principal categories, significant quantities of gas are supplied for use as a chemical feedstock in the manufacture of fertilisers, although there has been a substantial reduction in sales volume in the current year. Gas used as a chemical feedstock is supplied in bulk at somewhat lower prices than in other categories, mostly on an interruptible basis.

In the year ended 31st March, 1986 about 55 per cent. of the number of therms sold by British Gas in the industrial market were on an interruptible basis, representing some 12 per cent. of its total gas sales revenue. All customers supplied on this basis are responsible for having an alternative fuel available and can therefore readily switch from gas to the alternative fuel and vice versa. A fall in the number of therms sold to interruptible customers has been the principal reason for the reduction in industrial gas sales volume in the current year.

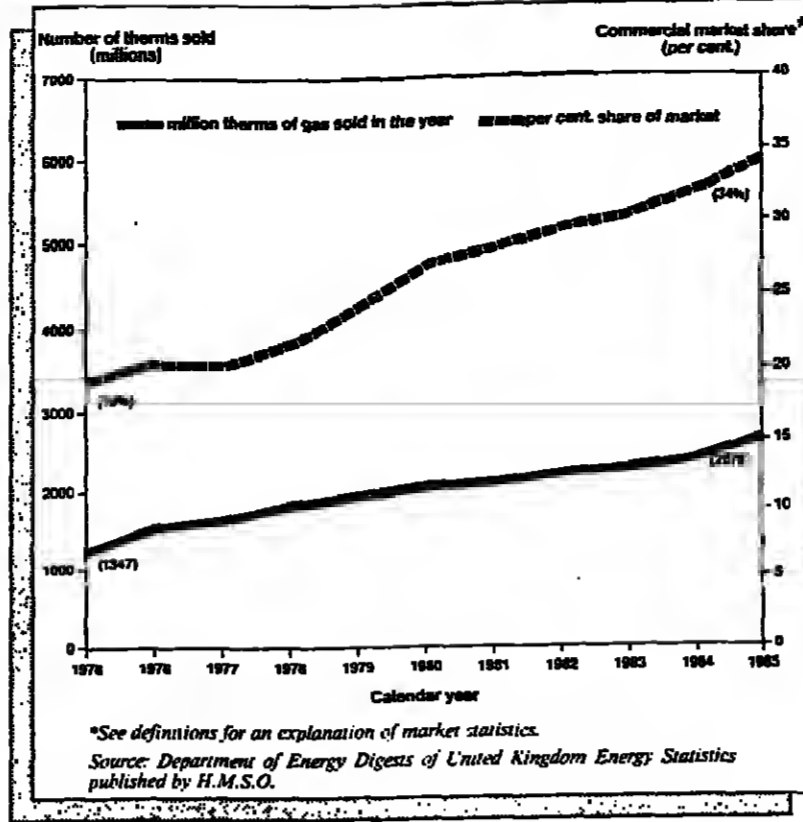
In the year ended 31st March, 1986 the three largest industrial customers of British Gas together accounted for 10 per cent. of total therms sold in all markets. The largest customer was Imperial Chemical Industries PLC, which accounted for 7 per cent. of total therms sold by British Gas in that year.

British Gas co-operates with manufacturers and its customers in the development of gas-burning equipment in order to enhance fuel efficiency, product quality and productivity and to strengthen the competitive position of gas in relation to other fuels. Advanced burner systems, which recycle waste heat by taking advantage of recuperative and regenerative techniques, have been developed to support sales into the industrial market.

(c) The commercial market

The number of therms of gas sold in the commercial market nearly doubled from 1975 to 1985, and gas increased its market share from 19 per cent. to 34 per cent. in the same period.

In the commercial market the average level of consumption per customer is lower than in the industrial market. No single type of user is dominant, the largest being the educational sector which accounted for about 20 per cent. of the number of therms sold by British Gas in this market in the year ended 31st March, 1986. Other users include shops, offices, hospitals, public buildings, hotels and restaurants. The commercial market, which predominantly comprises service industries and the public sector, has been less vulnerable than the industrial market to the level of activity in the economy as a whole.



*See definitions for an explanation of market statistics.
Source: Department of Energy Digests of United Kingdom Energy Statistics published by H.M.S.O.

About half of the gas supplied by British Gas to commercial users is sold on a tariff basis with the remainder sold under individually negotiated contracts, of which only a few are interruptible. More than two thirds of the gas consumed in the commercial market is used for space heating with water heating and catering accounting for most of the remainder. In space and water heating, gas competes mainly with oil and electricity, while in catering it competes mainly with electricity.

(d) Pricing

For pricing purposes customers are divided into two categories: in general, customers taking less than 25,000 therms per annum are charged according to published tariffs, while prices for customers taking greater quantities are individually negotiated with British Gas.

The table below shows the number of therms sold, sales value and average price per therm in the tariff and contract sectors for the year ended 31st March, 1986.

	Therms sold millions	Sales value £ million	Average price per therm p
Tariff sector(1)			
Domestic(2)	9,898	4,234	42.8
Industrial	313	118	37.7
Commercial	1,464	557	38.0
Total tariff sector	11,675	4,909	42.0
Contract sector			
Industrial(3)	5,603	1,604	28.6
Commercial(3)	1,423	486	34.2
Total contract sector	7,026	2,090	29.7
Total gas sales(4)	18,701	6,999	37.4

- (1) The effect of spreading the standing charge over different numbers of therms sold per customer accounts for the variations in average price per therm sold in the tariff sector.
- (2) The commercial contract sector includes 148 million therms of domestic contract sales.
- (3) Includes very small quantities supplied to power stations.
- (4) Total gas sales exclude £110 million of income, primarily in respect of essential service revenue and gas used for own purposes, which is included in the turnover of the gas supply business.

(i) Tariff sector

In the year ended 31st March, 1986 tariff sales accounted for approximately 70 per cent. of the gas sales revenue of British Gas. The great majority of tariff customers are domestic customers but there are some 480,000 commercial and 76,000 industrial tariff customers. Prices paid by tariff customers consist of a standing charge and a rate per therm (which is generally uniform throughout Great Britain). In recent years, while British Gas was a nationalised industry, tariff prices were set in order to take account of a number of factors but they were particularly influenced by financial targets agreed with H.M. Government. Competition with other fuels has also been a factor but, in general, gas prices in the tariff sector have been below those of competing fuels with the exception of coal.

Under the regulatory regime established by the Gas Act, British Gas is subject to a system of price control covering the tariff sector and is required to take all reasonable steps to ensure that the average price charged to tariff customers (including the standing charge) does not exceed a maximum determined by a price formula. British Gas is not subject to profit control and prior regulatory approval for price increases is not required, provided the maximum determined by the formula has not been exceeded. The formula governs changes in the maximum price (whether increases or decreases) from the level applying in the year ending 31st March, 1987 and its broad effect is:

- (a) to allow the cost per therm of gas purchases, changes in which are largely affected by factors outside the control of British Gas, to be passed on in full to tariff customers; and
- (b) to encourage operational efficiency by limiting the element of the tariff price not represented by gas purchase costs by reference to the annual rate of change in the Retail Price Index less two percentage points ("RPI-2").

The price formula comes into effect on 1st April, 1987; until then tariff prices may not be increased. The terms of price control provide for the formula to remain in force until at least 1st April, 1992; the details of the price control system and the circumstances under which it can be modified are explained in Section III.

(ii) Contract sector

The contract sector, which covers some 24,000 premises (mainly in the industrial or commercial markets), accounted for approximately 30 per cent. of the gas sales revenue of British Gas in the year ended 31st March, 1986. The prices charged to contract customers are individually negotiated with regard to a number of factors, including whether the contract is on a firm or interruptible basis. Although many contract customers are of long standing, they are able to suspend or discontinue supplies at relatively short notice. Generally contract prices have taken into account competitive market conditions as well as the costs of supply but in the past they have also taken account of financial targets agreed with H.M. Government. The targets in recent years were achieved without the need for the price of gas to rise in line with the price of oil (its principal competitor) with the result that gas prices were, in general, significantly lower than the prices of competing fuels other than coal.

There was a rapid fall in crude oil prices from over U.S.\$25 per barrel towards the end of 1985 to about U.S.\$10 per barrel by the end of June 1986. This led to a reduction in the prices of competing oil products and put pressure on British Gas to lower its prices, particularly under interruptible contracts. British Gas responded to these lower oil prices by, where appropriate, reviewing contract prices more frequently, often on a monthly basis for interruptible customers and on a three-monthly basis for firm customers, and reducing prices. However, following the modest recovery in oil prices, selling prices for gas have firmed, consistent with market conditions.

The contract sector is not subject to price control, but British Gas has published the maximum prices which it will, until further notice, charge in the contract sector. British Gas has also indicated its intention, subject to certain qualifications, to limit increases in published maximum firm contract prices for a period of three years to about the rate of inflation.

(e) Market support

British Gas attaches great importance to the activities which support its gas marketing efforts. In the domestic market, showrooms are the main point of contact with the public and the principal support activities include appliance retailing and customer service. In the industrial and commercial markets, British Gas provides a technical consultancy service which assists customers in making a more efficient and cost-effective use of gas.

(i) Showrooms

British Gas has a network of almost 800 showrooms, mainly in high street locations or in shopping centres. A large number of customers pay their bills through these showrooms. In addition, showrooms are used for the sale of domestic gas appliances and heating systems, dealing with customer service work, giving energy conservation advice and handling applications for gas supply as well as general enquiries.

British Gas seeks to make profits from its appliance trading activities while aiming to maximise sales of appliances in support of the wider use of gas in the domestic market. In the year ended 31st March, 1986 British Gas sold about 100,000 central heating systems, 700,000 space heaters, 500,000 cookers and 100,000 other appliances, primarily from the showrooms, but also directly to trade and wholesale customers. As part of the support to the sale of both gas and gas appliances British Gas uses its own service engineers to install appliances sold through its showrooms and offers a high level of maintenance and spare parts service, covering almost 3,900 different models.

Appliance trading is accounted for as a separate profit centre and its results are stated after deducting a proportion of showroom costs. Other showroom costs are charged to the gas supply business and to the installation and contracting account in order to reflect the extensive support provided by the showrooms to these activities.

British Gas carries out a continuous review of its network of showrooms — opening, modernising, relocating or closing as appropriate. Rationalisation of the showrooms has resulted in a ten per cent. reduction in their number since 1982.

(ii) Customer service

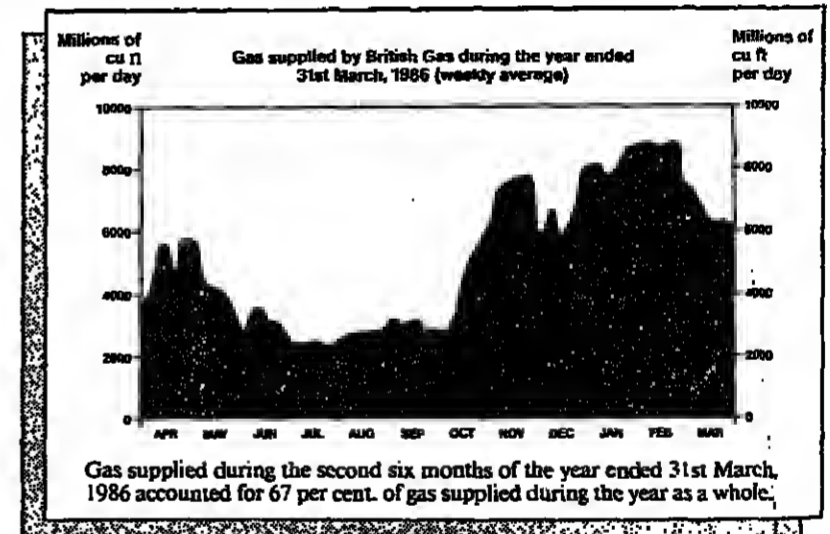
British Gas offers a broad range of customer services in two main categories, "essential service" and "installation and contracting".

Essential service, which is accounted for within the gas supply business, includes dealing with gas escapes and other emergencies, installation and repair of meters, request servicing of appliances and basic safety checks on specific appliances or for customer groups such as the elderly and the disabled. British Gas has established strict targets for speed of response to emergency calls and well defined standards of service for other work, and considerable resources are provided to ensure that customers can report emergencies easily and quickly. British Gas has given a written assurance to the Secretary of State that a range of services now available to domestic customers will be maintained while the current system of price control continues.

Installation and contracting has been developed on a commercial basis to counterbalance the highly seasonal nature of essential service work. In recent years service contracts for central heating and gas appliances have provided a significant growth in work load and have assisted in maintaining safety. During the year ended 31st March, 1986 service contracts covered more than 3.5 million appliances, representing an increase of 22 per cent. over the last five financial years, and British Gas installed over 100,000 central heating systems and 1.6 million other gas appliances. All these activities are accounted for under the heading of installation and contracting.

3. Matching gas supply and demand

Demand for gas varies markedly from season to season as illustrated in the graph below. On a very severe winter's day it can be five times that on the warmest summer's day and almost twice the daily average for the year as a whole.



Much of the seasonal change in demand is met by varying the amount of gas taken from producing fields by British Gas under its gas purchase contracts. Most contracts contain provisions for varying the offtake from fields at different times of the year within specified ranges. The extent of this variation is referred to as the "swing factor" which is the ratio of the maximum supply contracted to be available each day to the average daily contracted supply for the whole year. The higher the swing factor, the greater the flexibility in meeting seasonal demand.

If peak demand were to be met from variations in offtake alone, an overall swing factor of about 2.3 would be required. Flexibility at higher levels of demand can often be achieved more economically in other ways and therefore British Gas has negotiated gas purchase contracts which, taken as a whole, currently have a swing factor of only 1.5. Contracts for the supply of gas from the Southern Basin of the North Sea generally have a swing factor of 1.67, while those for the Northern Basin have a swing factor of 1.3 or less.

In order to supplement gas purchased under contract and to help meet winter demand, British Gas uses both seasonal supplies and peak storage. Seasonal supplies are those which can be operated for extended periods during the winter and comprise the specially developed South Morecambe, Rough and Sean gas fields. Peak storage has been developed to meet exceptionally high peaks in demand for gas which occur for short periods in severe winter weather. For this purpose British Gas uses gas from liquefied natural gas facilities and gas from underground storage cavities.

In addition to increasing supply during the winter through the use of these facilities, British Gas may also limit the overall level of demand which needs to be satisfied by interrupting supplies to certain large industrial and commercial customers. Interruptible contracts give British Gas the facility to suspend supplies typically for up to an aggregate of 63 days within a year, although in practice little or no interruption takes place in milder winters.

As well as seasonal variations in demand there are variations during the course of the day when maximum hourly demand may be as much as four times the minimum level. To meet daily variations in demand, gas is stored in local gas holders and within the transmission system itself.

Since the introduction of natural gas from the North Sea in 1967 British Gas has been able to satisfy increased demand during peak winter periods and has not been forced by peak demand to suspend supplies to its tariff or firm contract customers.

The negotiation of new gas purchase contracts and the construction of new supply or storage facilities have long time scales. An important feature of the business is therefore the need to plan these future sources of supply and facilities several years in advance to meet forecast annual and peak gas demand, while retaining flexibility to help meet new developments in the market.

7. Consultancy services

British Gas offers a wide range of technology, products, expertise and services for sale overseas through its international consultancy service ("ICS"), which produced revenues of £2.5 million during the year ended 31st March, 1986. ICS provides consultancy services covering all aspects of the gas business, including licensing of gas manufacturing and purification processes, and marketing of products of research. ICS operates on a commercial basis but does not take on the financial risks or funding of overseas projects. Since 1984 ICS has actively sought to exploit opportunities overseas, particularly in those countries where major gas developments are planned.

MANAGEMENT AND EMPLOYEES

British Gas operates under the overall direction of an experienced Board. The Chairman is supported by a Chief Executive, a further six executive Directors (five of whom are Managing Directors, each with responsibility for specific business functions) and by four non-executive Directors. Mr. Jewers, one of the five Managing Directors, will retire from the Board in December 1986 and will be replaced by Mr. Sutcliffe, who is already an executive Director of the Company.

1. Directors of the Company

Sir Denis Rooke, CBE, FRS, FEng (aged 62) has been Chairman of British Gas since 1976. He joined the gas industry in 1949; after holding a number of engineering appointments he became full-time Member for Production and Supply of the Gas Council in 1966 and Deputy Chairman in 1972. He served on the National Economic Development Council from 1976 to 1980 and was a part-time Member of the British National Oil Corporation from 1976 to 1982.

Mr. R. Evans (aged 59) has been Chief Executive of British Gas since 1983. He has worked for British Gas since 1950 with the exception of six years between 1956 and 1962, when he was employed by Burnmah Oil Company Limited. In 1977 he became Chairman of the East Midlands Region and in 1982 Managing Director, Supplies, at Headquarters.

Mr. C. W. Brierley (aged 57) is Managing Director, Economic Planning. He was appointed to this post in 1982 and became a Corporation board member in January 1985. Prior to this he was Director of Finance and then Director of Economic Planning at Headquarters. He joined British Gas in 1970 from EMI Records Limited.

Mr. C. E. Donoran (aged 52) has been Managing Director, Personnel since 1982, following his appointment as a Corporation board member in 1981. He joined British Gas in 1966 from Richard Costain Limited and held a number of executive positions at regional level before being appointed Director of Industrial Relations at Headquarters in 1977.

Mr. W. G. Jewers, CBE (aged 65), who is a Certified Accountant and a Cost and Management Accountant, is currently Managing Director, Finance but is due to retire from the Board in December 1986. He was appointed to this post in 1982, having been a Corporation board member since 1976. Prior to this he had been Director of Finance since 1969. He entered the gas industry in 1938.

Mr. J. McHugh, FEng (aged 56) is Managing Director, Production and Supply. He was appointed to this post in 1982, having been a Corporation board member since 1979. He joined the gas industry in 1946 and held a number of executive positions at regional level before his appointment as Director (Operations) at Headquarters in 1975. Mr. McHugh is currently President of the Institution of Gas Engineers.

Mr. W. R. Probert (aged 52) is Managing Director, Marketing. He was appointed to this post in 1982 and became a Corporation board member in January 1985. He joined British Gas in 1957 and held a number of regional and headquarters executive positions before his appointment as Marketing Director in 1975 and then as Director of Sales in 1977, both at Headquarters.

Mr. A. Sutcliffe (aged 50), who is a Cost and Management Accountant, will become Managing Director, Finance in December 1986, having been appointed a Corporation board member on 1st August, 1986. He joined British Gas in 1970 from British Rail and has held a number of executive positions at regional level, being appointed a Regional Deputy Chairman in 1980.

Mr. R. H. Boissier (aged 56) was appointed a non-executive Corporation board member in 1981. He is Deputy Chairman of Broadgate Holdings Limited (part of the Edward Lumley group), a Director of Pressac Holdings P.L.C. and was an executive Director of Whesoe PLC from 1975 to 1983. In October 1986 he was appointed a non-executive member of the Severn-Trent Water Authority.

Mr. R. Greenbury (aged 50) was appointed a non-executive Corporation board member in 1976. He is Chief Operating Officer of Marks & Spencer P.L.C. and a non-executive Director of Metal Box P.L.C.

Sir Martin Jacobson (aged 57) was appointed a non-executive Corporation board member in 1982. He is a Deputy Chairman of Barclays Bank PLC and Executive Chairman of Barclays de Zoete Wedd Limited, having previously been a Vice-Chairman of Kleinwort Benson Limited from 1976 to 1985. He is also a Director of Christian Salvesen PLC, Commercial Union Assurance Co. plc, The Daily Telegraph plc and is Deputy Chairman of The Securities and Investments Board. He became a Director of the Bank of England in May 1986.

Sir Leslie Smith (aged 67) was appointed a non-executive Corporation board member in 1982. He is a non-executive Director of The BOC Group plc, having previously held the position of Chairman and Chief Executive of that company. He has been a non-executive Director of Cadbury Schweppes p.l.c. since 1977.

2. Organisation and management

British Gas is organised into a Headquarters and twelve Regions. Headquarters is responsible for formulation of policies, for co-ordination and for the direct management of centralised operations such as gas purchasing, exploration, bulk transmission of gas, negotiation of major industrial sales contracts, and research and development. Regions are largely responsible for customer-related activities, including the distribution and sale of gas, the retailing, installation and servicing of gas appliances, meter-reading and collection of accounts, and the maintenance of emergency services.

The management structure of British Gas reflects the integrated nature of the business. The management of the Company is controlled by the Executive, comprising the Chief Executive and Managing Directors. There is, however, significant delegation of authority to the twelve Regions for the conduct of day-to-day business within a framework of central planning and control.

Headquarters is organised into seven divisions covering production and supply, personnel, marketing, economic planning, finance, resources and external affairs, and research and development. The first five of these are led by Managing Directors; the Chief Executive takes responsibility for the other two divisions. In addition there is a secretariat, led by the Company Secretary, which covers legal services, administration, property management and public relations activities.

The Managing Directors and the Company Secretary are supported by twenty Headquarters Directors, who are not members of the Board. The Headquarters Directors head major segments of the seven divisions and the secretariat, some being responsible for centralised operations and others for policy formulation, planning and co-ordination of regional activities.

Each of the twelve Regions is headed by a Regional Chairman and Regional Deputy Chairman, who are responsible for managing regional operations within national policy guidelines, operating against performance targets agreed annually with the Executive. Regional management structures follow a similar pattern to that of the Headquarters divisions. Regional Chairmen meet regularly with the Chairman and the Executive to discuss policy matters. More detailed co-ordination of policy is achieved through a series of national committees, reporting ultimately to the Executive. These committees cover specific functional activities and include representatives from Headquarters and each of the Regions.

3. Employees

At 31st March, 1986 British Gas had 89,747 employees of whom 4,198 were part-time. This total comprises 4,032 management and professional staff, 9,582 technical and supervisory staff, 19,901 craftsmen and apprentices and 56,232 clerical and other employees. In order to provide flexibility to cover fluctuating workloads, the work force is supplemented throughout the year by employees of outside contractors who are principally involved in laying mains and service pipes. At 31st March, 1986 this supplementary work force represented an equivalent of about 13,000 full-time employees.

The number of British Gas employees has reduced in the past five financial years by about 16,000, while the average number of contractors' employees has remained fairly constant. The reduction in direct manpower has been achieved during a period of sustained business growth and reflects the attention paid to improving operational efficiency and the investment by British Gas in new technology. Despite the scale of the manpower reduction, a commitment to resource planning has enabled the majority of the reductions to be achieved by natural wastage, redeployment and control of recruitment.

Approximately 90 per cent. of the employees of British Gas are members of trade unions recognised by the Company. Negotiation and consultation with these unions has been conducted formally for many years within National Joint Councils, whose constitutions provide for a reference to external arbitration by management or trade unions should they fail to agree. This facility has been used very rarely but is viewed by British Gas as important in a service industry where continuity of supply is of considerable significance. British Gas has indicated to employees and trade unions its intention to continue the personnel policies it has developed over the years in support of the business objectives of the Company. These policies relate principally to resource planning, training and development, the maintenance of appropriate reward systems and reliance on its well-established industrial relations arrangements.

Manual employees received an increase of 6 per cent. in basic wage rates plus improvements to other terms and conditions from 19th January, 1986. They have submitted a claim for 1987 and British Gas expects the negotiations to take their normal course. Annual negotiations in respect of salaries and terms and conditions of employment for staff and senior officers, and for higher managers, have still to be concluded.

Over the last ten years significant national industrial action has been confined to a one-day strike in 1981 called by all the trade unions in protest against the possible disposal of the showrooms following the Monopolies and Mergers Commission Report on Appliance Retailing. Less extensive industrial action occurred in the same year in a number of Regions when some shift-work staff took unsuccessful action in support of a pay claim.

4. Employee share schemes

The Company has established an employee profit-sharing scheme which will initially be operated in conjunction with the Offer for Sale. It has also adopted an employee savings-related share option scheme. Details of these schemes are set out in Part E of Section VII.

5. Pensions

The large number of pension schemes which existed prior to nationalisation and those set up after nationalisation have in more recent years been progressively absorbed into the British Gas Corporation Pension Scheme ("BGCPS") for manual workers and the British Gas Staff Pension Scheme ("BGSPS") for all staff, including management. Both provide for men and women at age 65 to receive a pension of 1/60th of pensionable pay for each year of pensionable service. Annual pension increases in line with movements in the Retail Price Index have been paid consistently for many years. Should this practice cease at any future time, the rules of the two pension schemes require the scheme assets to be applied, to the extent necessary to meet all accrued benefits in respect of service then rendered (including future pension increases), before they can be used for other purposes.

Valuations of both schemes as at 1st April, 1985, which were carried out by their actuary, R. Watson & Sons, confirmed that on the assumptions made (which included allowance for future salary and pensions increases) the assets of the schemes were sufficient to meet the past service liabilities by September 1985 in the BGCPS and will be sufficient to meet the past service liabilities in the BGSPS by March 1987. British Gas pays contributions, as certified by the actuary, which together with members' contributions of 6 per cent. of pensionable pay are sufficient to maintain the solvency of the schemes. From 1st April, 1986 the contribution of British Gas as a percentage of total pensionable pay is 6.0 per cent. (rising to 8.4 per cent. from 1st July, 1988) for the BGCPS and 23.4 per cent. (reducing to 12.6 per cent. from 1st April, 1987) for the BGSPS.

FINANCIAL SUMMARY

1. Introduction

Financial information on British Gas for the five years ended 31st March, 1986, the date to which the latest audited accounts were drawn up, is set out in full in the accountants' report (Section IV). Throughout this period British Gas has prepared its accounts under the current cost accounting convention. The objective of preparing current cost accounts is to ensure that the profits reflect the surplus arising from the operations of the business after allowing for the impact of price changes on the resources needed to continue the existing business and particularly after allowing for a depreciation charge which represents the cost of maintaining the operating capability of the business. The Directors regard this as particularly important for British Gas because its principal assets have long lives and accordingly replacement costs greatly exceed original historical costs. However, to facilitate comparisons with publicly-quoted companies, full historical cost financial information has also been included in the accountants' report.

It is the intention of the Directors that British Gas should continue to prepare its annual accounts under the current cost convention and to include audited historical cost financial information in the annual accounts in line with its current practice.

As a nationalised industry British Gas was significantly influenced by H.M. Government in its financial affairs. The pattern and level of its profits and cash flow in recent years are of limited relevance since they have been materially affected by the application of financial targets agreed with H.M. Government and since results will in the future be affected by the new capital structure. The targets specified a rate of return on capital employed to be met and operational efficiencies to be achieved over a period of years as well as annual levels of funds to be generated from operations. The pricing policy adopted by British Gas reflected these financial targets.

The target rate of return agreed for the four-year period ending 31st March, 1987 was an average annual current cost operating profit of four per cent. on average total assets less current liabilities at current cost. Over the first three years the average annual return achieved was slightly in excess of this target. The second target was a twelve per cent. reduction in net trading costs per therm of gas sold in the year ending 31st March, 1987 as compared with the year ended 31st March, 1983. For this purpose, net trading costs comprised operating costs of the Corporation except depreciation, replacement expenditure and current cost adjustments; costs were measured in constant prices using the Producer Price Index and the volume of gas sales was measured at seasonal normal temperatures. This target was met within three years. The third target was an annual level of cash generation and this was attained in each of the last five financial years.

All financial targets agreed with H.M. Government will cease to apply when British Gas leaves the public sector.

2. Assets

At 31st March, 1986 the net assets of British Gas amounted to £18,183 million on a CCA basis and £7,467 million on an HCA basis. Of these amounts fixed assets accounted for £16,765 million and £6,050 million respectively, made up as follows:

	CCA £ million	HCA £ million
Land and buildings	1,190	363
The pipeline system	13,778	4,111
Gas and oil fields	1,609	1,420
Other	188	156
	<u>16,765</u>	<u>6,050</u>

(a) Land and buildings

British Gas owns some 12,000 acres of land (approximately 4,400 acres of which are used in connection with the national transmission system) and a wide range of properties throughout Great Britain. Land and buildings are subject to regular revaluation and the results of the most recent revaluation were incorporated into the current cost balance sheet at 31st March, 1986. This revaluation was carried out by professionally qualified surveying staff of British Gas.

British Gas has two principal categories of freehold and leasehold properties: non-specialised properties, which consist chiefly of offices, showrooms, warehouses, workshops and residential units; and specialised properties, which are predominantly service depots and operational sites. The net book value of non-specialised properties at 31st March, 1986 was £420 million on a CCA basis, equivalent to their open market value, and £162 million on an HCA basis; the net book value of specialised properties at the same date was £734 million on a CCA basis, equivalent to the net current replacement cost, and £200 million on an HCA basis. No single property accounted for more than five per cent. of the aggregate book value (on a CCA basis) of all British Gas properties. Surplus property accounts for the remainder of land and buildings.

(b) The pipeline system

The pipeline system includes not only transmission and distribution mains and service pipes but also meters, plant and machinery, such as gas reception terminals and compressor stations, and storage facilities (including Rough). The net book value of this system at 31st March, 1986 amounted to £13,778 million on a CCA basis and £4,111 million on an HCA basis.

(c) Gas and oil fields

The net book value of the gas and oil field installations was £1,609 million on a CCA basis and £1,420 million on an HCA basis at 31st March, 1986. Of these, the installations at the South Morecambe field, including the related offshore and onshore support facilities, accounted for £533 million and £1,366 million respectively.

(d) Capital expenditure

The capital expenditure of British Gas over the last five financial years is summarised below:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£ million	£ million	£ million	£ million	£ million
Land and buildings	28	63	24	27	56
The pipeline system	272	345	429	376	231
Gas and oil fields	84	249	566	547	218
Other	59	62	69	62	66
Total	443	719	1,088	812	571
The above includes expenditure on South Morecambe and Rough of					
	117	417	809	488	273
Total excluding expenditure on South Morecambe and Rough					
	326	302	279	324	298

Capital expenditure of approximately £500 million (including £140 million for South Morecambe and Rough) is projected for the current financial year. Capital expenditure for the next few years is projected to continue at a similar level, including a total of approximately £400 million on the second stage of the South Morecambe development. Future capital expenditure is expected to be financed primarily from internally generated funds.

3. Cash flow

In each of the last four financial years British Gas has achieved a positive cash flow notwithstanding the high level of capital expenditure and over the last five financial years taken as a whole it has generated an aggregate cash surplus in excess of £600 million. A large number of its customers are billed on a quarterly cycle, accounting for over 50 per cent. of revenue from gas sales, which compares with its obligations to make monthly payments under gas purchase contracts. In addition, during the course of each year cash flow is particularly affected by the seasonal nature of the business. British Gas has generally met these additional demands for working capital arising in the second half of the financial year (particularly from January to March), by using its cash resources and by borrowing in the short-term money markets.

4. Capital structure

During the five years under review the business of British Gas was financed mainly by retained reserves. As a consequence of the transfer of the business of the Corporation to the Company on 24th August 1986 changes have been made to the capital structure. These include the transfer of the liability for the then outstanding £214 million British Gas 3rd Guaranteed Stock, 1990-95 to H.M. Treasury and the issue to H.M. Government of ordinary share capital and an unsecured £2,500 million debenture (for which no cash was received). The net effect of these changes has been to increase the indebtedness of British Gas by £2,286 million. Further details are given in Part B of the accountants' report.

5. Profit record

The profit record of the Corporation for the five years ended 31st March, 1986 is set out below on a CCA basis and on an HCA basis. This record has been restated to take account of the divestment of certain oil interests (see Part A of the accountants' report) but has not been restated to take account of the new capital structure of British Gas.

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£ million	£ million	£ million	£ million	£ million
Number of therms sold (millions)	16,876	16,463	17,281	17,744	8,701
CCA	£ million	£ million	£ million	£ million	£ million
Turnover	5,106	5,833	6,395	6,914	6,687
Cost of sales	(2,719)	(2,947)	(3,387)	(3,984)	(3,998)
Gross profit	2,387	2,886	3,008	2,930	2,689
Operating costs	(2,003)	(2,142)	(2,173)	(2,279)	(2,401)
Operating profit	384	744	835	651	688
Net interest receivable	46	59	74	61	94
Profit before taxation	430	803	909	712	782
Taxation	(187)	(231)	(154)	(188)	(380)
Profit for the year	243	572	755	524	402
HCA	£ million	£ million	£ million	£ million	£ million
Turnover	5,106	5,833	6,395	6,914	7,687
Cost of sales	(2,641)	(2,888)	(3,352)	(3,918)	(4,539)
Gross profit	2,465	2,945	3,043	2,996	3,148
Operating costs	(1,768)	(1,898)	(1,932)	(2,065)	(2,444)
Operating profit	697	1,047	1,111	931	1,000
Net interest receivable	46	59	74	61	94
Profit before taxation	743	1,106	1,185	992	1,104
Taxation	(187)	(231)	(154)	(188)	(380)
Profit for the year	556	875	1,031	804	724

(a) Five-year review

Within the overall framework of the financial targets, the level of profitability in individual years reflected the need to generate sufficient funds from operations to finance the South Morecambe and Rough projects, particularly during their peak spending period. In addition, external factors had an impact on profitability during the period under review, the major elements being gas costs (which are sensitive to movements in the U.S. dollar oil price and the sterling exchange rate) and the weather. However, underlying the movements in profits over the five years was an upward trend in the number of therms sold by British Gas.

Operating profits for the years ended 31st March, 1982 and 1983 were enhanced as a direct result of substantial increases in tariff prices in 1980, 1981 and 1982. This was in line with a government policy of increasing domestic gas prices by 10 per cent. per annum in real terms over the three-year period...

(i) Weather

The turnover and profits of British Gas were affected by particularly cold winters in the financial years ended 31st March, 1982 and 1986 and by mild weather in the winter of the year ended 31st March, 1983. Abnormal seasonal temperatures have a direct effect on turnover, but the effect on profitability is more complex because of the resulting changes in costs...

(ii) Turnover

Total turnover showed year-on-year growth of 14, 10, 8 and 11 per cent. during the five years under review. In each of those years the gas supply business accounted for more than 90 per cent. of turnover and annual increases in the turnover of the gas supply business of 15, 10, 8 and 11 per cent. were achieved...

(iii) Gas prices

During the period under review there were year-on-year increases in average domestic prices per therm of 25, 5, 4 and 4 per cent. In the industrial market increases in average prices of 7, 5, 10 and 8 per cent. were recorded...

Terms of gas sold

The number of terms of gas sold increased by 11 per cent. during the five years under review. After falling by approximately 2 per cent. in the year ended 31st March, 1983 the number of terms of gas sold rose by approximately 5, 3 and 5 per cent. in the following years. However, British Gas estimates that, if sales are adjusted to seasonal normal temperatures, year-on-year growth of approximately 1, 3, 3 and 4 per cent. was achieved...

(d) Gas costs

Average cost per therm of gas purchased (including gas levy) rose from 12p per therm in the year ended 31st March, 1982 to 19.9p per therm in the year ended 31st March, 1986, an increase of 62 per cent. The annual increase in this period were 14, 12, 16 and 10 per cent.

Changes in the mix of supplies, largely resulting from the decline in the proportion of gas taken from the Early Southern Basin Fields relative to the proportion taken from other fields, accounted for approximately one fifth of this increase in gas costs, equivalent to an increase of approximately 14 per cent. in the average cost per therm purchased over the period under review. On the basis of the current projections of British Gas, however, it is expected that changes in the mix of supplies over the next five years in involving reductions in quantities of gas purchased from the Early Southern Basin Fields and from Frigg will increase the average cost per therm purchased by less than half this percentage.

The remaining four fifths of the increase was principally attributable to the operation of price variation provisions in gas purchase contracts. Through these price variation provisions, general inflation (as measured by the Producer Price Index), increases in oil prices and the decline in the value of sterling against the U.S. dollar and European currencies contributed significantly to the increase in gas costs. As a result of the time lag inherent in the operation of the price variation provisions, the very substantial fall in oil prices in the first quarter of 1986 had a negligible impact on gas costs for the year ended 31st March, 1986.

(e) Operating costs

These comprise distribution costs and administrative expenses and principally include payroll costs and depreciation. They increased in total from £2,003 million in the year ended 31st March, 1982 to £2,401 million in the year ended 31st March, 1986 on a CCA basis, an increase of 20 per cent. On an HCA basis, operating costs increased from £1,768 million to £2,142 million, an increase of 21 per cent. The year-on-year percentage increases were 7, 1, 3 and 5 per cent. on a CCA basis and 7, 2, 7 and 4 per cent. on an HCA basis.

Payroll costs in total, including the element charged to cost of sales, rose by only 15 per cent. over the five-year period while the number of employees fell by some 16,000 to 89,747 at 31st March, 1986.

Depreciation charges showed a steady increase during the five year period, primarily reflecting the expansion of the supply network.

During the five-year period British Gas achieved operating efficiencies and volume increases which are reflected in the movement in operating costs per therm sold in the gas supply business. On a CCA basis the percentage increases/decreases were 8, (2), 1 and 1 and on an HCA basis the percentage increases/decreases were 8, (1), 3 and (1). These compared with the percentage increases in the Retail Price Index over the same period of 7, 5, 5 and 6. The price formula applicable to the tariff sector under the new regulatory regime will give British Gas a particular incentive to continue to reduce operating costs per therm in real terms in the gas supply business. While the past success of British Gas in reducing these costs may be relevant to an assessment of the possible effect of the price formula, it cannot necessarily be regarded as a guide to the future.

(f) Replacement expenditure

British Gas charges replacement expenditure as a trading cost although a number of companies capitalise such expenditure. Since 1st April, 1975 British Gas has charged the cost of replacing certain categories of fixed assets (principally mains, services and meters) against the profit and loss account, capitalising only that expenditure which represents an extension to, or a significant increase in, the capacity of those assets. The table below illustrates what the effect would have been on the HCA operating profit and fixed assets, had replacement expenditure had been capitalised and subject to depreciation:

Table with 5 columns: Years ended 31st March (1982, 1983, 1984, 1985, 1986) and 2 rows: Increase in operating profit, Cumulative increase in net book value of fixed assets.

In the current cost accounts the capitalisation of replacement expenditure would not affect the total depreciation charge nor the book value of fixed assets.

(g) Exploration and production

The exploration and production activities incurred losses in recent years as a result of the decision to continue with a full exploration programme after the divestment of the oil-producing interests of British Gas.

(h) Taxation

British Gas is subject to United Kingdom corporation tax, the statutory rates of which for the last five financial years were 52 per cent. for the years ended 31st March, 1982 and 1983, 50 per cent. for the year ended 31st March, 1984, 45 per cent. for the year ended 31st March, 1985 and 40 per cent. for the year ended 31st March, 1986. The rate for the year ending 31st March, 1987 has been set at 35 per cent. The rates of capital allowances have also been reduced in recent years. For capital expenditure incurred on eligible plant and machinery, the capital allowances available in the year of acquisition were 100 per cent. up to 13th March, 1984, 75 per cent. up to 31st March, 1985 and 50 per cent. in the year ended 31st March, 1986. The current rate is 25 per cent.

During the earlier years of the period under review the effective rates of corporation tax payable by British Gas on HCA profits (the basis on which corporation tax is assessed) were substantially less than the statutory rates. This was because there was significant capital expenditure during this period when the rates of capital allowances were high. As referred to in Note 13 of Part A of the accountants' report no provision for tax deferred by capital allowances was required. With the reduction of rates of capital allowances and lower levels of capital expenditure, the effective tax rate on profits increased in the year ended 31st March, 1986 and, on the basis of current expenditure plans, it is expected that the effective rate will now continue at approximately the statutory rate. Nevertheless, timing differences on accelerated capital allowances are not expected to crystallise, and therefore no provision for deferred tax is required.

United Kingdom petroleum revenue tax ("PRT") at a rate of 75 per cent. is chargeable on a field-by-field basis on profits from production of petroleum from United Kingdom and UKCS fields, after royalties (up to 12.5 per cent.) where applicable, and after various costs, production allowances and other adjustments. British Gas has not been liable to PRT to date in respect of production from its existing petroleum interests. Petroleum from its producing fields, apart from South Morecambe and certain small onshore fields, is exempt from PRT because the gas is sold to the Company under contracts entered into before 1st July, 1975. Expenditure on South Morecambe has prevented a PRT liability arising on that field to date and the first PRT liability on South Morecambe is not expected to arise until the late 1990s, although some provision for deferred PRT may be required in the early 1990s.

OUTLOOK FOR THE FUTURE

1. Profit forecast

(a) Background to the profit forecast

In view of the seasonal nature of its business, British Gas normally generates all of its annual operating profit during the winter months and the results of the first half of its financial year usually show a loss.

The unaudited operating results of British Gas for the first quarter of the current financial year show a higher profit than for the same period of the previous year, but the 1986 results were affected by a number of exceptional factors (see Section V). However, when the performance of the business since 30th June, 1986 is taken into account, it is expected that the operating results for the first half of the current financial year will be broadly in line with those for the same period of the previous year and are expected to show a small loss on an HCA basis and a larger loss on a CCA basis. Both turnover and gas costs were lower than for the same period in the previous year. The fall in turnover, which was more marked in the second quarter, was almost entirely due to a substantial reduction both in the number of terms sold and in selling prices in the interruptible contract sector. Turnover in the firm contract sector was comparable with that for the previous year while turnover in the tariff sector was higher, largely as a result of colder weather.

The profit forecast for the full year reflects an expected reduction in turnover compared with the previous year. The turnover in the tariff sector is projected to be slightly higher than that of the previous year. For the year as a whole there is expected to be a very substantial reduction in the turnover of the interruptible contract sector and some reduction in the firm contract sector, although a modest recovery in the number of terms sold in the interruptible contract sector is expected during the second half of the financial year.

The profit forecast also reflects an expected significant fall in gas purchase costs (principally as a result of more favourable exchange rates and, to some extent, lower oil prices) which should offset the loss of turnover in the interruptible contract sector.

In comparison with the previous year, the operating results will benefit from expected higher production from the South Morecambe field. Operating costs will increase broadly in line with inflation after allowing for this year's reduction in pension fund contributions and despite the costs associated with the flotation. Additionally, the fall in gas purchase costs will result in the current cost working capital adjustment being a credit (thereby increasing CCA operating profit); in previous years the adjustment has been a charge (thereby reducing CCA operating profit). For this reason the forecast envisages an increase in CCA operating profit greater than the increase in HCA operating profit.

The forecast includes the effect of colder than average temperatures experienced in the first part of this financial year but it is based on the assumption that seasonal normal temperatures will prevail for the remainder of the year. In comparing the forecast with the results for the previous year, the increase in operating profit in that year resulting from the colder than average winter should be noted.

(b) Profit forecast

The Directors consider that, in the absence of unforeseen circumstances and on the assumptions set out in Section V (in particular that there will be average weather conditions in the coming winter), the operating profit, the profit before taxation and the profit after taxation for the year ending 31st March, 1987 are unlikely to be less than the amounts set out in the table below:

Table with 2 columns: CCA and HCA (in million £) and 3 rows: Operating profit, Profit before taxation, Profit after taxation.

The forecast profit before taxation includes interest charges (payable from 8th December, 1986) of £86 million on the debenture issued to H.M. Treasury.

(c) Pro forma profit and earnings per share forecast

If the new capital structure had been in place for the whole of the year ending 31st March, 1987 (see Part B of the accountants' report) the related interest charges for the year would be £269 million. On this basis the pro forma profit before taxation, profit after taxation and earnings per share would be as follows:

Table with 2 columns: CCA and HCA (in million £) and 3 rows: Profit before taxation, Profit after taxation, Earnings per share.

2. Dividend forecast

For the current financial year the Directors expect to pay a single dividend which, in the absence of unforeseen circumstances, is expected to be 4.0 pence per Ordinary Share net (equivalent to 5.6 pence per Ordinary Share inclusive of tax credit), payable in October 1987.

Subsequently, the Directors expect to recommend in respect of each financial year an interim and a final dividend which will normally be payable in March and October respectively. In the absence of exceptional circumstances, the Directors intend to determine the total dividend for reference in the profit after tax at current cost.

If the Offer for Sale had taken place at the beginning of the financial year and the new capital structure had been in place throughout the year, the Directors would have expected, on the basis of the profit forecasts set out above, to recommend dividends totalling 6.5 pence per Ordinary Share net (equivalent to 9.2 pence per Ordinary Share inclusive of tax credit). Notional dividends represent a gross yield, at the Offer price, of approximately 6.8 per cent. Compared with the pro forma forecast of 5.6 pence per Ordinary Share, they would have been covered 1.24 times by the pro forma cost earnings of 8.7 pence per share and 2.13 times by the pro forma net earnings of 13.9 pence per share.

3. Business prospects

British Gas has always sold gas in competition with other fuels and the Directors are confident that it will continue to compete effectively in the future.

(a) Domestic market

British Gas has built up a very strong position in the domestic gas market and in the foreseeable future it expects to remain the principal supplier of natural gas to this market. British Gas has gained more than 250,000 domestic customers in each of the last three financial years and the Directors aim to expand the market for gas further, both through the sale of houses, by active marketing. A major element of sales growth is expected to come from new installations of gas central heating systems and British Gas will continue to use its appliance trading activity to promote the sale of gas heating. The main competition in the domestic market is electricity, but the Directors expect that over the next few years gas will maintain its competitive edge and that gas sales in the domestic market will continue to show steady growth after allowing for the effects of energy conservation.

(b) Commercial market

In the commercial market the Directors expect continued growth in the consumption of energy as a result of growth in the service and manufacturing economy. In this market, where there is competition from other fuels, the Directors believe that gas prices will, in general, be competitive and that there is good potential for further sales growth.

(c) Industrial market

In the industrial market competitive pressures have led to a price response, particularly where customers are able to purchase gas in bulk, and an alternative fuel. In the non-premium contract sector of the industrial market British Gas responded to the reduction in oil prices by offering a substantial fall in terms sold, however, following the reduction in oil prices, some sales volumes have been recovered. In the premium contract sector, non-premium market are closely linked to movements in the price of oil, which cannot be predicted with any certainty. British Gas will continue to adopt a responsive position in this sector with the aim of maintaining a profitable business. In this it will be assisted by the fact that the gas costs resulting from the fall in oil prices will not be realised until the year ending 31st March 1987.

In the premium contract sector of the industrial market, British Gas has over the last year increased competition by offering a range of premium qualities of gas. The Directors believe that the premium qualities of gas as a fuel will continue to compete effectively and that there are good prospects for sales growth in this sector in the medium term.

(d) Competition in gas supply

In addition to competition with other fuels, British Gas has a potential since 1982 for competition from other suppliers of gas. The "common carriage" provisions which allow third parties to use the British Gas supply network although not to use the network for the purposes of these common carriage rights. The provisions in the contract grant the rights to third parties but retain certain safeguards for British Gas.

The Directors are unable to assess the extent to which other suppliers will take advantage of the facility to sell gas directly to the industrial and commercial sectors. Existing contracts for the purchase of gas and the supply of new contracts to replace existing supplies as they expire are based on the assumption that the Company will continue to supply gas to the industrial and commercial sectors. If a substantial proportion of the gas currently supplied to the industrial and commercial sectors were to be lost as a result of direct supply, this would be a significant adverse effect on the Company's operating results. The requirements to meet the lower demands, therefore, will be met by the effect arising from downward pressure on many of the Company's other products. However, it is unlikely that common carriage competition will be significant before 1990 because of the lead time required to bring new suppliers into the market and British Gas intends to compete effectively in the medium term.

(e) Future gas supplies

British Gas has supplies under contract which will last for the next 10 years. The Directors believe that supplies under these contracts will be sufficient to meet gas demand for the next five to seven years ahead. During the next five years British Gas will continue to negotiate for the further supplies of gas from the North Sea, potentially available to Europe with substantial quantities of gas already discovered but undeveloped on the UKCS, the North Sea and further afield. Subject to necessary governmental approval, British Gas intends to meet its further supply requirements from a range of sources.

(f) South Morecambe

British Gas has recently started to develop the South Morecambe field. The development of the South Morecambe field is of strategic significance as a source of supply for the industrial and commercial markets. Notwithstanding the initially low levels of production, the field is expected to show a growing level of profits and cash flow in the medium term.

(g) Other business activities

The Directors recognise that there will be opportunities for the Company's activities by building on its existing strengths. There will be wider opportunities to use its expertise in oil and gas production, where British Gas already has an extensive international interest, and it plans to extend its activities in other areas where opportunities arise. British Gas will also be looking for other opportunities in areas where its existing technology and experience can be more widely exploited.

(h) Regulation

British Gas is not subject to price controls. It is subject to regulation under the formula which determines the price of gas. The formula is based on the extent that it is able to better the performance of other companies. The achievement of further cost savings will be a key objective of the Company. The Directors will aim to ensure that the Company's performance is competitive over the next five years.

(i) Conclusion

The Directors recognise that the Company's business is subject to a number of constraints, which will follow the market conditions. However, they believe that there are good prospects for the Company's business.

SECTION II RELATIONSHIP WITH H.M. GOVERNMENT

A. REMAINING GOVERNMENT INTEREST

Following the Offer for Sale H.M. Government will retain sufficient Ordinary Shares to meet its share bonus entitlements. Where H.M. Government has more shares retained than are required to satisfy outstanding bonus share entitlements, it will sell those shares at its discretion after consultation with N M Rothschild & Sons Limited and British Gas as to the timing and the manner of the disposal. The Secretary of State does not intend to exercise any of the voting rights attaching to the bonus shares although he reserves the right to do so.

The Secretary of State will also hold a Special Share. This share, which may only be held by a Minister or other person acting on behalf of the Crown, does not carry any rights to vote at general meetings but entitles the holder to attend and speak at such meetings. Certain matters, in particular the alteration of specified Articles of Association of the Company (including the Article relating to limitations which prevent a person owning or having an interest in 15 per cent. or more of the Ordinary Shares in British Gas), require the prior consent of the holder of the Special Share. Further details relating to the Special Share are set out in Section VII.

The Company has issued to H.M. Treasury an unsecured debenture of £2.50 million repayable in tranches from 1987 to 1992. This debenture is not transferable from the Crown. Further details of the debenture are set out in Section VII.

B. COMMERCIAL RELATIONSHIP

Following the Offer for Sale the commercial relationship between British Gas as supplier and H.M. Government as customer will continue to be on a normal customer and supplier basis. In the year ended 31st March, 1986 purchases of gas from British Gas by H.M. Government and other Crown bodies totalled approximately £150 million.

C. PETROLEUM LICENCES

Licences to search for and produce petroleum onshore and from the UKCS are granted by H.M. Government. Normally each licence details specific work obligations to be carried out by the licensee and contains provisions requiring periodic payments (and, where appropriate, royalties), controlling assignments of any rights under the licence to third parties, and giving H.M. Government the power to revoke the licence in certain circumstances, for example where a licensee has failed to observe the terms and conditions of the licence. The development of a discovery is subject to approval by the Secretary of State of a development and production programme including maximum and minimum rates of production for various periods. H.M. Government has power under the licences to control the rates of production. In the event of British Gas deciding to acquire or apply for further licence interests, H.M. Government would treat it on the same basis as any other private sector exploration company.

D. GAS IMPORT/EXPORT POLICY

In 1985, while British Gas was a nationalised industry, H.M. Government decided not to endorse a draft contract negotiated by the Corporation for the purchase of gas from the Norwegian Sleipner field. Subsequently the Secretary of State announced on 6th March, 1986 that British Gas would in future be able to import gas subject to the normal requirements for consent under the Petroleum and Submarine Pipe-lines Act 1975 for the laying of pipelines across the UKCS and, in appropriate cases, the conclusion of inter-governmental treaties. British Gas has given an assurance to the Secretary of State that it will consult H.M. Government about its import plans as these develop.

Under the terms of UKCS licences all petroleum produced from the UKCS has to be landed in the United Kingdom unless the Secretary of State consents to landing elsewhere. On 6th March, 1986 the Secretary of State also announced that H.M. Government was prepared to consider applications for waivers of the landing requirement for gas on a case-by-case basis. In doing this it would take into account considerations relating to the security of the United Kingdom's gas supplies without any presumption that exports should not take place in present circumstances.

ATTITUDE OF OPPOSITION PARTIES TO PUBLIC OWNERSHIP

The policies of Opposition parties are the responsibility of the parties concerned. Set out below is a summary of recent developments and public statements which H.M. Government believes may be relevant in this context.

In its 1983 manifesto, the Labour Party stated that it would "return to public ownership the public assets and rights lived off by the Tories, with compensation of no more than that received when the assets were denationalised". When the Gas Bill was debated in the House of Commons on 10th December, 1985, the Rt. Hon. Stanley Orme MR speaking from the Opposition Front Bench, indicated that a future Labour Government would reacquire the assets of British Gas. On 2nd October, 1986, the Labour Party Conference agreed a resolution endorsing a policy statement by the National Executive Committee. Inter alia this statement included references to the intention that the next Labour Government should take public utilities fully back into "social ownership". It also said that Labour would establish a British Gas and Oil Corporation. The statement included detailed information about the strategy for bringing British Telecom into full social ownership; British Telecom shareholders would be required to exchange their voting shares for marketable non-voting securities, or accept a return of no more than the flotation price. A resolution to acquire shares in privatised companies without compensation was rejected. No resolutions on public ownership of British Gas were adopted by either the Liberal or Social Democratic parties at their recent conferences, but in debates in the House of Commons on the Gas Bill, Mr. Malcolm Bruce MP indicated that Alliance policy would not be to seek renationalisation but to promote competition and introduce tighter regulation.

SECTION III REGULATORY ENVIRONMENT

A. INTRODUCTION

The supply of gas through pipes is subject to a regulatory regime, established under the Gas Act, which is designed to ensure that all reasonable demands for gas are satisfied when it is economical to do so and that gas suppliers are able to finance the provision of gas supply services. Under the regulatory regime there are detailed provisions to protect the interests of gas customers. With certain minor exceptions, the regulatory regime does not apply to the business activities of British Gas other than its primary activity of the supply of gas through pipes.

The Gas Act incorporates, with some modifications, many of the statutory rights and obligations which previously applied to the Corporation and, in some cases, its predecessors. The main new features introduced by the Gas Act are the appointment of a Director General of Gas Supply (the "Director General"), who is responsible for operating and enforcing the regulatory regime, and a system for authorising the supply of gas, subject to regulatory conditions. Unlike the statutory rights and obligations, the conditions of an authorisation can, in general, be modified without further legislation, so ensuring a degree of flexibility to cater for changing circumstances. Modifications of conditions may be made by the Director General with the consent of the gas supplier or following a reference to the Monopolies and Mergers Commission ("MMC").

The regulatory regime as applied to the Company distinguishes between the tariff and contract sectors of the gas supply market. In view of the relatively limited scope for competition associated with gas supply to consumers who take small quantities of gas, the tariff sector has been made subject to certain regulatory requirements, particularly a system of price control. In the contract sector the Company is required to publish certain information on pricing, but otherwise is free to negotiate contracts, subject to general competition law.

B. THE GAS ACT

Under the Gas Act an authorisation is required to supply gas, except for supplies to premises using more than two million therms per annum. There are two categories of suppliers of gas to whom an authorisation may be granted. One category comprises those authorised by the Secretary of State to supply gas through pipes to premises in a defined geographical area, such suppliers being known as "Public Gas Suppliers"; the Company falls within this category and is the only Public Gas Supplier although there are procedures to authorise other Public Gas Suppliers within Great Britain. In the second category, the authorisation is restricted to the supply of gas to specified premises or classes of premises.

The Gas Act sets out a number of obligations for a Public Gas Supplier. Such a supplier must develop and maintain an efficient, co-ordinated and economical system of gas supply and, subject to this, must comply with any reasonable request for a supply of gas where this is economical. A Public Gas Supplier also has a specific obligation to supply, upon request, any premises within 25 yards of a distribution main (subject to a maximum rate of 25,000 therms per annum). These obligations are similar to those imposed on British Gas under the Gas Act 1972 but the Gas Act 1986 extends the specific obligation to supply to premises already connected to a distribution main (subject to the same maximum rate).

In addition, a Public Gas Supplier is required to meet certain safety requirements, to comply with prescribed standards of gas quality, and to charge for gas according to the number of therms supplied. In general, for supplies of 25,000 therms per year or less, there are requirements for the use of published tariffs as a basis for charging and these tariffs must not show undue preference or undue discrimination in their application. There are also requirements limiting connection charges for a gas supply. In addition to these obligations, a Public Gas Supplier must comply with a statutory Public Gas Supply Code, which includes detailed provisions relating to gas escapes, the maintenance of service pipes and the supply and maintenance of meters. A Public Gas Supplier must also comply with any directions given by the Secretary of State on the granting of an authorisation which prohibit the unfair commercial use of information obtained by it in the course of negotiations for any supply of gas to it. Such directions have been given to the Company.

The Gas Act also gives a Public Gas Supplier certain powers similar to those conferred on the Corporation by the Gas Act 1972. These include powers in appropriate circumstances to break up streets for the purpose of laying pipes, to purchase land compulsorily and to enter premises, as well as procedures for disconnection.

The Gas Act continues provisions to enable third parties to use gas pipelines owned by a Public Gas Supplier ("common carriage"). The Director General may specify the terms on which a Public Gas Supplier may be required to convey gas for another supplier when it has spare capacity, or increase the capacity of, or otherwise modify, a proposed or existing pipeline to accommodate another supplier's gas. Any terms of charge for common carriage specified by the Director General must entitle the Public Gas Supplier to recover the proportion of its costs and return on capital, which reflect the use made of its pipeline system. The Gas Act also enables the Director General to specify the terms on which a Public Gas Supplier must make gas available to third party suppliers with common carriage rights, but this is only required when third party suppliers are temporarily unable to obtain gas from other sources and when the Public Gas Supplier can make gas available without prejudicing its own statutory and contractual obligations.

C. THE DIRECTOR GENERAL

The first Director General, James McKinnon, was appointed by the Secretary of State on 18th August, 1986 for a three-year period. He was previously Finance Director of Imperial Group PLC and is a former President of the Institute of Chartered Accountants of Scotland. The Director General is supported by a staff of about 20 at the Office of Gas Supply.

The Director General is responsible for enforcing both the conditions of a Public Gas Supplier's authorisation and the principal obligations imposed on it directly by the Gas Act. For this purpose he may make an order requiring compliance, which is enforceable in the Courts. Contravention of such an order by a supplier can result in liability for damages to third parties suffering loss. The Director General is also responsible for initiating modifications to the conditions of a Public Gas Supplier's authorisation, which relate to the tariff market, and for monitoring developments in the gas supply market.

Both the Director General and the Secretary of State have a duty to carry out the functions assigned to them by the Gas Act in a manner best calculated to secure that authorised gas suppliers satisfy all reasonable demands for gas where it is economical to do so and that they are able to finance the provision of gas supply services. Subject to this duty, the Director General and the Secretary of State must exercise their functions in a way which protects the interests of gas consumers (in respect of the prices charged and the other terms of supply, the continuity of supply and the quality of the gas supply services provided), promotes efficiency and economy in gas supply, encourages the efficient use of gas, protects the public from danger, and enables effective competition for supplies exceeding 25,000 therms per annum. They must also take particular account of certain needs of the elderly and the disabled in respect of the quality of the gas supply services provided.

The Director General is independent of the Secretary of State. In certain limited circumstances the Secretary of State may give general directions to the Director General, who may only be removed from office on grounds of incapacity or misbehaviour.

D. THE GAS CONSUMERS' COUNCIL

The Gas Act also creates a new Gas Consumers' Council which replaces the former National and Regional Gas Consumers' Councils. The new Council is an independent body, whose main function is the investigation of complaints; it may also give advice to the Director General on matters relating to tariff customers.

E. THE AUTHORISATION

Since 24th August, 1986 the Company has been authorised as a Public Gas Supplier to supply gas to any premises within Great Britain. The Authorisation, which is publicly available, imposes the requirements mentioned below, in the form of conditions.

The Company is required to take all reasonable steps in setting its prices for tariff customers to secure that in each financial year the average price does not exceed a maximum determined by a price formula. The price formula, which is summarised in Part F below, comes into effect on 1st April, 1987. Until then tariff prices may not be increased.

Although standing charges for tariff customers are part of the maximum average price subject to control by the price formula, the Authorisation also requires that standing charges should not be increased by more than the cumulative percentage increase in the Retail Price Index from the base level in December 1985 while the price formula is in operation.

The Company is required by the Authorisation to publish separate accounts for its gas supply business. The basis of allocation of any revenue, costs, assets and liabilities between gas supply and the other business activities must be reported to the Director General and his approval sought for any changes.

The Company is also required to publish certain other information. This includes publication of a schedule of maximum prices for gas supplied in the contract sector and of a statement relating to its pricing policy in that sector; information concerning the arrangements for common carriage and back-up supplies, giving examples of the prices which would be charged for common carriage; codes of practice for tariff gas supplies and payment of bills; a summary of the principles by which charges for new connections are set; and information on the efficient use of gas.

Other requirements of the Authorisation cover the provision of an emergency service to receive reports of gas escapes, special services for the elderly and the disabled; the provision of information to the Director General and Gas Consumers' Council; and payment of an annual fee to the Secretary of State to cover the costs of regulation.

The conditions of the Authorisation may be modified at any time by agreement between the Company and the Director General, unless the Secretary of State objects. The Director General may also refer to the MMC at any time matters relating to the supply of gas to tariff customers and may propose modifications of the conditions of the Authorisation which, in his opinion, could remedy or prevent the effects specified in the reference which are or may be adverse to the public interest. The MMC is then required to determine whether these matters operate, or may be expected to operate, against the public interest and in so doing the MMC must have regard to the duties of the Secretary of State and the Director General. If the MMC considers that such a matter may operate against the public interest and proposes modifications to the conditions of the Authorisation, the Director General must make the modifications which he believes to be necessary to remedy or prevent the adverse effects identified by the MMC.

The Company does not have any right to require a modification of the conditions of the Authorisation. However, it can request the discontinuation of the price control condition with effect from a date not earlier than 1st April, 1992. If it does so, the price control condition will cease to apply unless a reference to the MMC is made by the Director General and the MMC concludes that the cessation of the condition in whole or in part would or might be expected to operate against the public interest.

The Director General does not have the power to refer to the MMC matters relating to gas supply to contract customers. The contract sector is subject to general competition law. If any reference to the MMC under that law results in an order being made by the Secretary of State for Trade and Industry in relation to the supply of gas to contract or tariff customers, he may also modify the conditions of the Authorisation to give effect to the order.

The Authorisation runs for a minimum period of 25 years and may be terminated thereafter by the Secretary of State, provided at least ten years' prior notice has been given. The Authorisation could, however, be revoked before its expiry on various specified grounds including insolvency, cessation of business, non-compliance with enforcement orders made by the Director General and non-compliance with orders issued by the Secretary of State for Trade and Industry under certain provisions of general competition law.

F. PRICE FORMULA

The price formula, which only applies in the tariff sector, is set out below:

$$M_t = \left(1 + \frac{RPI_t - 2}{100}\right) \times P_{t-1} + Y_t - K_t$$

maximum average price	=	non-gas component calculated from:	+	gas costs	-	positive or negative correction factor
		factor to adjust the previous year's non-gas component by the change in the Retail Price Index less two percentage points	×	previous year's non-gas component		

where

- M_t = the maximum average price per therm in year t ;
 RPI_t = the percentage change in the Retail Price Index between that for October in year t and that for the preceding October;
 P_{t-1} = the non-gas component of the price per therm in the prior financial year, $t-1$;
 Y_t = the gas cost per therm in year t ;
 K_t = the correction factor per therm to be made in year t (the correction factor will be positive if in year $t-1$ the actual price charged exceeded the maximum determined by the formula, negative if the actual price was lower than the maximum);

and where t represents the relevant financial year.

The broad effect of the formula is to divide the maximum price per therm into two key components, one relating to the cost of gas, and the other a non-gas component.

The gas component (denoted by Y in the formula) is effectively the average cost in pence per therm to the Company of obtaining gas. The major part comprises payment by the Company to its suppliers. For gas produced by the Company itself the price is deemed to be the market price as determined by the Inland Revenue for inclusion purposes. The Authorisation also provides for certain other costs to be included such as the gas levy and capacity charges. Prepayments under take-or-pay arrangements are generally included in the gas costs component in the year in which delivery occurs.

The non-gas component (denoted by P in the formula) is an amount in pence per therm, changes in which are limited to the change in the Retail Price Index in two percentage points ($RPI-2$). The starting point for the non-gas component used in the determination of the maximum price for the first year of the formula's operation, the year commencing 1st April, 1987, will be equal to the average tariff price in the current financial year less the average cost of gas in the current financial year.

An important feature of the price formula is that it sets the maximum price for each financial year by reference to the gas cost and the Retail Price Index in the year in setting its price, therefore, the Company needs to forecast the components of its price formula for the year ahead. Because forecast and out-turn are unlikely to be exact, the price formula incorporates a third component, the correction factor (denoted by K in the formula). The correction factor allows for any under or overcharging in one year to be corrected subsequently. After the end of each financial year, if the average price actually charged by the Company in that year differs from the maximum calculated according to the price formula, a correction corresponding to the difference is made in the calculation of the maximum for the next year after making two adjustments. First, there is an addition to the correction representing the interest on the amount of the correction, at a market rate. In the case where the price is less than the maximum, or at three per cent. above the market rate in the case where the price is in excess of the maximum. Secondly, an adjustment is made to take account of any change in the number of therms supplied from one year to the next.

The Authorisation provides for involvement by the Director General if there are significant errors in forecasting. If the average price actually charged exceeded the maximum determined by the formula by more than four per cent. of the maximum price, the Director General must be given an explanation by the Company and must be satisfied that a further excess is not likely before the Company is allowed to increase its prices in the next year. If the excess in one year added to the excess in the next year comes to more than five per cent. of the maximum average price in the second of the two years, the Director General may intervene to set prices in the third year at a level which in his judgement would be unlikely to exceed the maximum average price in that year. Finally, if the average price actually charged is lower than the maximum by ten per cent. in each of two successive years, the Director General may limit the correction carried forward to the following year to ten per cent.

SECTION IV ACCOUNTANTS' REPORT

The following is the text of a report from Price Waterhouse, the reporting accountants:

The Secretary of State for Energy
 The Directors, British Gas plc
 The Directors, N M Rothschild & Sons Limited
 The Directors, Kleinwort Benson Limited

Southwark Tower
 32 London Bridge Street
 London SE1 1Y
 21st November, 86

Gentlemen,

British Gas plc (the "Company") was incorporated on 1st April, 1986 and since that date has not prepared any financial statements for presentation to shareholders and has not declared or paid any dividends. The Company did not trade until 24th August, 1986, at which date the property, rights and liabilities (other than the 3% Guaranteed Stock, 1990-95) of the British Gas Corporation were transferred to the Company.

We have audited the financial statements of the British Gas Corporation and its subsidiaries (the "Group") for the five years ended 31st March, 1986. The financial information set out in Part A below has been based on these financial statements after making such adjustments as we consider appropriate and has been prepared under two conventions: the current cost convention described in Statement of Standard Accounting Practice Number 16 and the historical cost convention. Our work has been carried out in accordance with the Auditing Guidelines "Prospectuses and the listing accountant".

In our opinion the financial information set out in Part A gives a true and fair view of the profit and source and application of funds of the Group for each of the five years ended 31st March, 1986 and of the state of affairs of the Group at the end of each of these years under the current cost convention and the historical cost convention.

No financial statements of the Group have been audited for any period subsequent to 31st March, 1986.

The pro forma financial information for the year ended 31st March, 1986, which incorporates the effect of implementing the new capital structure of British Gas plc, is set out in Part B below. In our opinion this pro forma financial information has been properly prepared on the basis set out in the notes thereto.

A. FINANCIAL INFORMATION

The information in this Part has been prepared using the accounting policies adopted currently by British Gas plc and by the Group in its financial statements for the years ended 31st March, 1985 and 1986. These policies differ in certain respects from those which were applied by the Group in financial statements of earlier years. Adjustments have been made to the profits and net assets shown by previously published financial statements in order to apply policies consistently throughout the five years ended 31st March, 1986. In addition, adjustments have been made to eliminate the results, assets and liabilities (other than certain residual balances) of the oil interests which were divested in 1983 and 1984 without compensation. The adjustments which have been made to the results are summarised in Note (21).

Accounting policies

The information in this Part has been prepared under the current cost convention, in accordance with Statement of Standard Accounting Practice Number 16, and under the historical cost convention.

Under the current cost convention, provision is made in the financial information for the effects of specific price changes on the resources necessary to maintain the operating capability of the business.

The principal accounting policies adopted for current cost purposes are noted in paragraphs (a) to (f) below. These accounting policies apply equally to the historical cost financial information except as described in (b), (c) and (g) below.

(a) Basis of consolidation

The financial information consolidates the financial statements of the British Gas Corporation and each of its subsidiaries for each of the five years ended 31st March, 1986.

(b) Tangible fixed assets

Current cost valuation:

Tangible fixed assets are stated in the current cost balance sheet at their value to the business, being current replacement cost less accumulated depreciation. Additions are included at actual cost, after deducting grants and capital contributions from customers.

Expenditure on the field development of gas and oil reserves is that expenditure incurred on tangible fixed assets following a decision to develop such reserves commercially.

The value to the business has been assessed on the following bases:

- land and buildings—valuation by the Group's professional surveying staff on a continuous basis;
- regional mains, services, meters and storage—application of calculated industry average unit replacement costs to the physical distances or quantities in use; and
- all other tangible fixed assets, including the national transmission system and field development of gas and oil reserves—indexation of historical costs using appropriate indices.

The assessment of value to the business involves certain estimates being made. These estimates may be subject to continuing revision in future years as more information becomes available.

Depreciation:

The assets referred to in sub-paragraphs (i) to (iii) below are subject to straight line depreciation, while the assets referred to in sub-paragraph (iv) below are subject to throughput depreciation.

- Freehold land is not depreciated, but the gross value to the business of buildings standing thereon is depreciated over varying periods, depending on the type of construction, with a maximum of fifty years.
- The gross value to the business of leasehold premises is depreciated over the period to the next rent review. Specialised leasehold buildings are depreciated over the term of the lease or fifty years, whichever is the shorter.

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British Gas plc continued

(iii) The distribution systems and all other tangible fixed assets are depreciated at rates sufficient to write off the gross current cost of individual assets over their estimated useful lives. The depreciation periods for the principal categories of assets are as follows:

- 55 years—distribution mains
- 48 years—transmission pipelines
- 43 years—national transmission system
- 40 years—gas holders and brick or concrete storage tanks
- 30 years—service pipes
- 20 years—meters, metal storage tanks and plant and machinery
- 10 years—electronic and electrical control equipment
- 5 years—mobile plant and machinery, furniture, fittings and office machinery and motor vehicles.

(iv) Expenditure on the field development of gas and oil reserves is not depreciated until such time as production commences from the fields concerned. When production has commenced, the present estimated cost of the field developments, including estimated expenditure to completion in current cost terms, is depreciated on the throughput basis by reference to the volume of gas and oil produced each year from the fields, compared with the total estimated recoverable reserves of those fields. Both the estimates of recoverable reserves and the estimated cost of the completed developments are reviewed annually and the rates of depreciation adjusted accordingly.

Replacement expenditure:

Since 1st April, 1975 the Group has charged the cost of replacing certain categories of tangible fixed assets (principally mains, services and meters) as a trading cost, treating as an addition to tangible fixed assets only that expenditure which represents an extension to, or a significant increase in, capacity of its tangible fixed assets.

The replacement expenditure, historical cost depreciation and supplementary depreciation together represent the total current cost depreciation charge. Supplementary depreciation is that additional sum necessary to bring the aggregate of replacement expenditure and historical cost depreciation up to a full current cost depreciation charge and any change to the level of replacement expenditure is compensated by a movement in supplementary depreciation.

Historical cost:

Tangible fixed assets in the historical cost balance sheet are stated at actual cost, after deducting grants and capital contributions from customers, less accumulated depreciation (except as noted below) provided to write off cost over the estimated useful life of each asset.

Depreciation is not provided on certain categories of tangible fixed assets (principally mains, services and meters) acquired prior to 1st April, 1975 because replacement expenditure, which represents the renewal of such assets, is written off when incurred. The asset lives outlined above have been applied in preparing historical cost financial information.

(c) Stocks

Stocks are stated in the current cost balance sheet at current cost less provision for deterioration and obsolescence. In the historical cost balance sheet stocks are stated at cost less provision for deterioration and obsolescence.

(d) Site restoration costs

Licencees of United Kingdom Continental Shelf oil and gas fields are required to restore the sea bed at the end of the producing lives of the fields to a condition acceptable to H.M. Government. Provision is made for site restoration costs, calculated field by field principally on a throughput basis similar to that used for depreciation. Estimates of such costs (based on price levels at the balance sheet date), which are subject to considerable uncertainty, are reviewed annually.

(e) Deferred taxation

Deferred taxation, in respect of accelerated capital allowances and other timing differences, is provided only to the extent that it is probable that a liability or asset will crystallise.

(f) Turnover

Turnover represents the value of gas sold (less standing charge rebates) which includes an assessment of gas consumed but not yet invoiced to customers, together with the value of appliances sold and services rendered.

(g) Current cost working capital adjustments

The cost of sales adjustment is the difference between the current cost at the date of sale and the historical cost of stocks sold. It is calculated by applying appropriate indices to reflect changes in input costs, to average stocks of gas, appliances and installation materials.

The monetary working capital adjustment represents the movement in working capital attributable to changes in input prices during the year. It has been calculated using appropriate indices and average monetary working capital during the year. Monetary working capital comprises debtors and payments in advance, accrued revenue for gas, hire purchase and deferred payment accounts and sundry stocks, less trade and sundry creditors.

(h) Research and development expenditure

Expenditure on research, testing and development is written off when incurred.

(i) Exploration expenditure

Expenditure on exploration for gas and oil is written off when incurred.

Consolidated current cost profit and loss accounts

Notes	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Turnover	(1) 5,106	5,833	6,395	6,914	7,687
Cost of sales	(2,719)	(2,947)	(3,387)	(3,984)	(4,598)
Gross profit	2,387	2,886	3,008	2,930	3,089
Distribution costs	(1,471)	(1,545)	(1,552)	(1,607)	(1,711)
Administrative expenses	(532)	(597)	(621)	(672)	(690)
Current cost operating profit	(2a)(3) 384	744	835	651	688
Net interest receivable	(4) -46	59	74	61	94
Current cost profit before taxation	430	803	909	712	782
Taxation	(5) (187)	(231)	(154)	(188)	(380)
Current cost profit for the year	(14a) 243	572	755	524	402

Consolidated current cost balance sheets

Notes	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Fixed assets	(6a) 12,363	13,679	14,943	15,546	16,765
Tangible assets					
Current assets	(7) 159	181	182	188	176
Stocks	(8) 1,310	1,566	1,730	1,905	2,086
Debtors	(9) 511	708	739	758	939
Investments	24	17	33	30	25
Cash at bank and in hand	2,004	2,472	2,684	2,881	3,226
Creditors (amounts falling due within one year)	(10) (1,014)	(1,216)	(1,364)	(1,429)	(1,556)
Net current assets	990	1,255	1,319	1,451	1,669
Total assets less current liabilities	13,353	14,935	16,263	16,998	18,435
Creditors (amounts falling due after more than one year)	(11) (372)	(366)	(353)	(340)	(217)
Provisions for liabilities and charges	(12) (191)	(22)	(25)	(29)	(35)
Reserves	(14a) 12,962	14,547	15,885	16,629	18,183

Consolidated historical cost profit and loss accounts

Notes	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Turnover	(1) 5,106	5,833	6,395	6,914	7,687
Cost of sales	(12,641)	(2,888)	(3,352)	(3,918)	(4,539)
Gross profit	2,465	2,945	3,043	2,996	3,148
Distribution costs	(1,257)	(1,328)	(1,340)	(1,421)	(1,494)
Administrative expenses	(511)	(570)	(592)	(644)	(648)
Historical cost operating profit	(2b)(3) 697	1,047	1,111	931	1,006
Net interest receivable	(4) -46	59	74	61	94
Historical cost profit before taxation	743	1,106	1,185	992	1,100
Taxation	(5) (187)	(231)	(154)	(188)	(380)
Historical cost profit for the year	(14b) 556	875	1,031	804	720

Consolidated historical cost balance sheets

Notes	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Fixed assets	(6b) 3,439	4,045	5,002	5,665	6,050
Tangible assets					
Current assets	(7) 158	180	181	187	175
Stocks	(8) 1,310	1,566	1,730	1,905	2,086
Debtors	(9) 511	708	739	758	939
Investments	24	17	33	30	25
Cash at bank and in hand	2,003	2,471	2,683	2,880	3,225
Creditors (amounts falling due within one year)	(10) (1,014)	(1,216)	(1,364)	(1,429)	(1,556)
Net current assets	989	1,255	1,319	1,451	1,669
Total assets less current liabilities	4,428	5,300	6,321	7,116	7,719
Creditors (amounts falling due after more than one year)	(11) (372)	(366)	(353)	(340)	(217)
Provisions for liabilities and charges	(12) (19)	(22)	(25)	(29)	(35)
Reserves	(14b) 4,037	4,912	5,943	6,747	7,467

Consolidated statements of source and application of funds

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Source of funds					
Current cost profit before taxation	430	803	909	712	782
Supplementary depreciation	242	248	248	221	269
Current cost working capital adjustments	71	55	28	59	49
Historical cost profit before taxation	743	1,106	1,185	992	1,100
Historical cost depreciation	96	107	117	139	162
Provision for site restoration costs	2	3	3	4	6
Funds generated from operations	841	1,216	1,305	1,135	1,268
Proceeds from disposal of tangible fixed assets	7	7	12	10	34
oil field interest (Note 9))	—	—	—	85	—
Total funds generated	848	1,223	1,317	1,230	1,292
Application of funds					
Taxation paid	130	173	235	131	262
Additions to tangible fixed assets	443	719	1,088	812	571
Increase/(decrease) in working capital (Note 16))	321	97	(46)	93	267
Total funds utilised in operations	894	989	1,277	1,036	1,100
Movement in investments/borrowings					
loans—(increase)/decrease	91	197	31	19	181
Bank loans and short-term borrowings—(increase)/decrease	(146)	31	(4)	162	(112)
Creditors (amounts falling due after more than one year)—decrease	9	6	13	13	123
Net funds generated/(absorbed)	(46)	234	40	194	192

Notes to the financial information

(1) Turnover by activity

Turnover, which is substantially all in respect of sales to United Kingdom customers, is attributable to the following activities:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Gas supply	4,678	5,379	5,919	6,396	7,109
Installation and contracting	182	211	229	236	275
Appliance trading	227	226	229	247	278
Exploration subsidiaries	42	44	41	58	94
Other activities	31	17	18	31	21
Less: intra-group sales	(516)	(587)	(646)	(696)	(777)
	(54)	(44)	(41)	(54)	(90)
	5,106	5,833	6,395	6,914	7,687

(2) Operating profit by activity

Operating profit is attributable to the following activities:

a Current cost:	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Gas supply	406	786	852	690	703
Installation and contracting	(21)	(9)	2	7	11
Appliance trading	(11)	(6)	5	9	12
Exploration subsidiaries	—	(30)	(27)	(61)	(43)
Other activities	10	3	3	6	5
	384	744	835	651	688
b Historical cost:	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Gas supply	698	1,074	1,118	958	1,006
Installation and contracting	(19)	(7)	3	8	13
Appliance trading	4	4	9	14	17
Exploration subsidiaries	2	(29)	(25)	(58)	(39)
Other activities	12	5	6	9	9
	697	1,047	1,111	931	1,006

Income and costs are allocated specifically to the activity to which they relate wherever possible; however, because of the integrated nature of the Group's activities it is also necessary to apportion certain costs between activities.

(3) Operating profit

Operating profit is stated after charging:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Gas prime materials ⁽¹⁾	1,739	1,847	2,261	2,830	3,376
Gas levy ⁽¹⁾	394	524	527	504	520
Salaries, wages and associated costs	1,042	1,104	1,147	1,179	1,202
Replacement expenditure ⁽²⁾	230	264	287	303	318
Historical cost depreciation	96	107	117	139	162
Research, testing and development ⁽³⁾	64	67	70	69	76
Exploration expenditure	20	39	30	60	38
Leasing rentals	—	—	—	—	—
Plant, machinery and equipment	22	16	11	17	27
Other assets	14	22	24	33	21
Provision for site restoration costs	2	3	3	4	6

The additional charges made in arriving at current cost operating profit are as follows:

	£m	£m	£m	£m	£m
Supplementary depreciation	242	248	248	221	269
Cost of sales adjustment	13	11	4	9	5
Monetary working capital adjustment	58	44	24	50	44
Difference between current cost and historical cost operating profit ⁽⁴⁾	313	303	276	280	318

⁽¹⁾ These are the principal components of cost of sales. Cost of sales represents direct costs of product sales. Other categories of expenditure identified above are primarily charged to distribution costs and administrative expenses.

⁽²⁾ Incorporates all costs categorised as replacement expenditure and research, testing and development, including an element of the salaries, wages and associated costs shown above.

⁽³⁾ As a nationalised industry, the Group was not required to include a gearing adjustment in the current cost profit and loss accounts for the five years ended 31st March, 1986.

The Directors' remuneration amounted to £0.4 million in each of the years ended 31st March, 1982 to 1985 and £0.5 million in the year ended 31st March, 1986.

Salaries, wages and associated costs comprise:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Wages and salaries	783	835	878	910	929
Social security costs	78	72	71	66	65
Other pension costs	181	197	198	203	208
	1,042	1,104	1,147	1,179	1,202

Average number of employees

Number	Number	Number	Number	Number
1982	1983	1984	1985	1986
105,800	103,300	99,300	95,600	91,900

The auditors' remuneration amounted to £0.4 million in the year ended 31st March, 1982, £0.5 million in each of the years ended 31st March, 1983 to 1985, and £0.6 million in the year ended 31st March, 1986.

(4) Net interest receivable

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Interest rece					

British Gas plc continued 10

The net current replacement cost of land and buildings comprises:

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Freehold	937	961	973	1,012	1,093
Long leasehold	61	82	80	85	84
Short leasehold	10	11	11	10	13
	1,008	1,054	1,064	1,107	1,190

The total current cost depreciation charge for the year ended 31st March, 1986 comprised the following:

Land and buildings	33
Mains	316
Services	110
Storage	45
Meters	54
Plant and machinery	159
Field development of gas and oil reserves	32
	749
Comprising:	
Historical cost depreciation	162
Replacement expenditure	318
Supplementary depreciation	269
	749

b Historical cost:

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Historical cost					
Land and buildings	285	344	367	393	445
Mains	1,987	2,070	2,150	2,275	2,350
Services	364	390	418	445	475
Storage	232	283	620	756	823
Meters	139	152	175	199	227
Plant and machinery	749	910	970	1,076	1,138
Field development of gas and oil reserves	157	371	986	1,333	1,530
	3,913	4,620	5,686	6,477	7,008

Accumulated depreciation

Land and buildings	51	57	65	74	82
Mains	143	172	202	234	269
Services	21	30	36	43	51
Storage	5	6	8	9	25
Meters	8	12	16	20	26
Plant and machinery	177	219	270	329	373
Field development of gas and oil reserves	69	79	87	103	130
	474	575	684	812	958

Net book amount

Land and buildings	234	287	302	319	363
Mains	1,844	1,898	1,948	2,041	2,081
Services	343	360	382	402	424
Storage	227	277	612	747	798
Meters	131	140	159	179	201
Plant and machinery	572	691	700	747	763
Field development of gas and oil reserves	88	292	899	1,230	1,420
	3,459	4,045	5,002	5,665	6,050

The net book amount of land and buildings comprises:

Freehold	186	222	238	257	300
Long leasehold	43	59	59	57	58
Short leasehold	5	6	5	5	5
	234	287	302	319	363

The total historical cost depreciation charge for the year ended 31st March, 1986 comprised the following:

Land and buildings	10
Mains	36
Services	9
Storage	16
Meters	6
Plant and machinery	78
Field development of gas and oil reserves	27
	182
Less: profit on sale of tangible fixed assets	(20)
	162

(7) Stocks

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Raw materials and consumables	79	87	84	80	80
Work in progress	7	8	7	13	8
Finished goods and goods for resale	73	86	91	95	88
Current cost	159	181	182	188	176
Less: current cost uplift	(1)	(1)	(1)	(1)	(1)
Historical cost	158	180	181	187	175

(8) Debtors

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Amounts falling due within one year:					
Trade debtors	567	587	619	711	747
Accrued revenue for gas	378	758	881	953	1,050
Other debtors	29	33	31	33	17
Prepayments and accrued income	63	120	91	62	87
	1,237	1,498	1,622	1,759	1,901
Amounts falling due after one year:					
Trade debtors	30	24	22	23	25
Other debtors	7	8	10	9	8
Prepayments and accrued income	36	36	76	114	152
	1,310	1,566	1,730	1,905	2,086

Prepayments and accrued income falling due after one year are amounts in respect of gas paid for but not yet taken. Maturity dates are not currently determinable as this depends on the demand for gas in future periods.

(9) Investments

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Deposits with the National Loans Fund	300	300	300	384	313
Certificates of tax deposit	210	400	435	235	210
Money market investments	1	8	4	139	416
	511	708	739	758	939

Deposits with the National Loans Fund included £84 million and £13 million at 31st March, 1985 and 1986, respectively, held in a non-interest bearing account, which related to the payment of £85 million received for the disposal of the Wych Farm oil field interest and which was to be used to meet the tax liability and other costs arising from the disposal. The balance remaining after meeting these costs has been paid to the Secretary of State for Energy. Similar amounts (£84 million and £13 million) were included in creditors (amounts falling due within one year).

Other deposits with the National Loans Fund were for a period of 10 years, maturing at various dates in 1989 and 1990, with interest rates varying from 12.625% to 15.375%. The deposits, together with the accrued interest, were repaid to the Group on 23rd August, 1986.

(10) Creditors (amounts falling due within one year)

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Bank loans and overdrafts	200	169	173	11	4
U.S.\$ promissory notes (Note 111)	—	—	—	—	119
Trade creditors	287	356	541	669	596
Gas levy payable	140	194	199	203	198
Taxation and social security	217	266	179	397	409
Other creditors	27	32	35	42	49
Accruals and deferred income	143	199	237	207	181
	1,014	1,216	1,364	1,429	1,556

(11) Creditors (amounts falling due after more than one year)

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
British Gas 3% Guaranteed Stock, 1990-95	214	214	214	214	214
U.S.\$ promissory notes	124	119	121	119	—
Foreign loans	34	20	8	—	—
Other loan (secured)	—	13	10	7	3
	372	366	353	340	217

Loans outstanding are repayable as follows:

Within one year	124	119	121	119	—
Between one and two years	14	15	11	4	3
Between two and five years	20	18	7	3	—
After five years	214	214	214	214	214
	372	366	353	340	217

The U.S.\$ promissory notes matured within one year but, in years previous to the year ended 31st March, 1986, further notes were issued for the following year. These promissory notes were guaranteed by H.M. Treasury as to payment of interest and principal and were subject to special exchange cover arrangements whereby H.M. Treasury insured the Group against exchange rate fluctuations. Accordingly, the loans were stated in the balance sheets at the amount of their original sterling proceeds.

The U.S.\$ promissory notes were repaid in June 1986 and the guarantees and exchange cover arrangements with H.M. Treasury were cancelled at that time.

On 24th August, 1986 the liability for the British Gas 3% Guaranteed Stock, 1990-95 was transferred to H.M. Treasury—see Note (20) for events subsequent to the balance sheet date.

(12) Provisions for liabilities and charges

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Provision for site restoration costs	19	22	25	29	35

(13) Deferred taxation

Timing differences are not expected to crystallise and therefore no provision has been required. The potential deferred taxation liabilities, computed at 35 per cent., are as follows:

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Accelerated capital allowances	1,047	1,239	1,592	1,772	1,854
Other timing differences	(19)	1	(6)	(9)	(16)
	1,028	1,240	1,586	1,763	1,838

(14) Reserves

a Current cost:

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
(i) Profit and loss account					
Current cost profit for the year	243	572	755	524	402
Balance at the start of the year	1,485	1,728	2,300	3,055	3,579
Balance at the end of the year	1,728	2,300	3,055	3,579	3,981
(ii) Current cost reserve					
Revaluation surplus for the year	708	958	555	161	1,103
Working capital adjustments	71	55	28	59	49
Balance at the start of the year	779	1,013	583	230	1,152
Balance at the end of the year	10,455	11,234	12,247	12,830	13,050
Balance at the end of the year	11,234	12,247	12,830	13,050	14,202
Total reserves	12,962	14,547	15,885	16,629	18,183

The revaluation surplus arises from the revaluation of tangible fixed assets and stocks from an historical cost to a current cost basis. No provision has been made for any tax liability which would arise if these assets were disposed of at their revalued amount. Working capital adjustments represent the effect of the cost of sales and monetary working capital current cost adjustments which are reflected in the profit and loss account.

b Historical cost:

	At 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
(i) Profit and loss account					
Historical cost profit for the year	556	875	1,031	804	720
Transfer to asset maintenance account	(313)	(303)	(276)	(280)	(318)
Balance at the start of the year	243	572	755	524	402
Balance at the end of the year	1,485	1,728	2,300	3,055	3,579
Balance at the end of the year	1,728	2,300	3,055	3,579	3,981
(ii) Asset maintenance account					
Transfer from profit and loss account	313	303	276	280	318
Balance at the start of the year	1,996	2,309	2,612	2,888	3,168
Balance at the end of the year	2,309	2,612	2,888	3,168	3,486
Total reserves	4,037	4,912	5,943	6,747	7,467

The purpose of the asset maintenance account is to identify the reserves retained within the business to maintain the asset base.

(15) Subsidiaries

The principal subsidiaries are listed below. These companies are all wholly owned and, unless otherwise stated, are incorporated in Great Britain.

Gas Council (Exploration) Limited
Hydrocarbons Great Britain Limited
Hydrocarbons Ireland Limited (incorporated in the Republic of Ireland)

(16) Changes in working capital

The changes in working capital arose as follows:

	Years ended 31st March				
	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m
Stocks—Increase/(decrease)	8	22	1	—	(10)
Debtors—Increase	262	356	194	175	161
Cash at bank and in hand—Increase/(decrease)	(11)	(47)	15	—	15
Creditors (amounts falling due within one year)—Increase/(decrease)	52	(174)	(227)	(51)	100
Total increase/(decrease) in working capital	321	97	(49)	63	277

(17) Borrowing facilities

At 31st March, 1986 the Group had available £1,420 million and US\$242 million in unused credit facilities from several financial institutions. Included in these facilities was a U.S.\$75 million standby credit facility with respect to the Group's U.S. commercial paper borrowings, on which commitment fees were payable on undrawn funds. This facility was terminated in June 1986 when the U.S.\$ promissory notes were repaid. With respect to all other facilities, there are no commitment fees payable on undrawn funds.

(18) Commitments and contingencies

Capital expenditure

At 31st March, 1986 capital expenditure authorised and contracted for amounted to £111 million; capital expenditure authorised but not contracted for amounted to £229 million.

Future well costs

Certain petroleum licences granted to the Group contained at 31st March, 1986 outstanding obligations to drill exploration wells, some of which were firm commitments and others contingent. The cost to the Group of drilling such wells was estimated at 31st March, 1986 to be about £37 million.

Leasing

Commitments under finance leases amounted to £12 million at 31st March, 1986.

(19) Pension arrangements

Pension schemes for staff and manual workers, which provide defined benefits by reference to final salary and are self-administered, are funded to cover future pension liabilities including expected pension increases. They are subject to a full independent actuarial valuation at least every three years on the basis of which the actuary certifies the rates of the employer's contributions which, together with contributions payable by the employees, are sufficient to maintain the solvency of the schemes.

The actuary carried out a full valuation of both pension schemes as at 31st April, 1985. On the basis of the assumptions made, the unfunded past service liability of the British Gas Staff Pension Scheme amounted to £140 million. Contributions in excess of the employer's basic contributions, amounting to £66 million, were made in the year ended 31st March, 1986 towards the unfunded past service liability and the balance will be funded during the year ending 31st March, 1987. On the basis of the assumptions made, the unfunded past service liability of the British Gas Corporation Pension Scheme amounted to £15 million and this was funded during the year

British Gas plc continued

Pro forma consolidated balance sheets at 31st March, 1986

CCA			HCA		
Unad-justed	Adjust-ments	Pro forma	Unad-justed	Adjust-ments	Pro forma
£m	£m	£m	£m	£m	£m
16,765	—	16,765	6,050	—	6,050
3,226	—	3,226	3,225	—	3,225
(1,556)	(750)	(2,306)	(1,556)	(750)	(2,306)
1,670	(750)	920	1,669	(750)	919
18,435	(750)	17,685	7,719	(750)	6,969
(217)	(1,536)	(1,753)	(217)	(1,536)	(1,753)
(35)	—	(35)	(35)	—	(35)
18,183	(2,286)	15,897	7,467	(2,286)	5,181
—	1,038	1,038	—	1,038	1,038
18,183	(3,324)	14,859	7,467	(3,324)	4,143
18,183	(2,286)	15,897	7,467	(2,286)	5,181

Notes to the pro forma financial information

(1) Basis of preparation
The figures in the column headed "Unadjusted" have been extracted from the financial information for the year ended 31st March, 1986, presented in Part A above. Since 31st March, 1986 the capital structure of the British Gas Corporation, and subsequently British Gas plc, has changed as follows:
(a) on 19th August, 1986 8,000,000 Ordinary Shares of £1 each and the Special Share were issued for cash at par to the Secretary of State, increasing the ordinary share capital of the Company to 8,050,000 Ordinary Shares of £1 each;
(b) on 24th August, 1986 the liability for the then outstanding £21.4 million of British Gas 3% Guaranteed Stock, 1990-95 was transferred to H.M. Treasury, which assumed liability for the service and redemption of the Stock from that date;
(c) on 24th August, 1986 the property, rights and liabilities of the British Gas Corporation, other than the indebtedness in (b) above, vested in British Gas plc;
(d) on 20th November, 1986 an unsecured debenture in the amount of £2,500 million was issued by British Gas plc to H.M. Treasury, for which no cash was received. The rates of interest and repayment dates are shown in Note (6) below; and
(e) on 20th November, 1986 the 8,050,000 Ordinary Shares of £1 each were subdivided into 32,200,000 Ordinary Shares of 25p each, 17,800,000 Ordinary Shares of 25p each were issued, credited as fully paid, to the Secretary of State, pursuant to a direction given by him under section 51 of the 1986 Gas Act and, conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986, a further 4,100,000,000 Ordinary Shares of 25p each were allotted, credited as fully paid, to the Secretary of State by way of capitalisation of part of the sum standing to the credit of the Company's reserves.
In addition, as discussed in Note (3) below, a gearing adjustment has been included in the pro forma current cost financial information.

(2) Net interest receivable/(payable)

The adjustments to the previously reported amount are as follows:

	£m
Elimination of interest payable in respect of British Gas 3% Guaranteed Stock, 1990-95	6
Interest payable on unsecured debenture (Note (6))	(275)
	(269)

The interest charge eliminated above was the amount actually charged to profit and loss account in the year ended 31st March, 1986 in respect of the British Gas 3% Guaranteed Stock, 1990-95.

(3) Gearing adjustment

It is the intention of the Directors to prepare the accounts of British Gas plc under the current cost convention, in accordance with Statement of Standard Accounting Practice Number 16 ("SSAP 16"). Under this convention, provision is made in current cost accounts to allow for the effect of price changes on the funds needed to maintain the net operating assets. These current cost adjustments comprise supplementary depreciation and working capital adjustments. A proportion of the net operating assets of British Gas plc under its revised capital structure is financed by borrowings; the gearing adjustment, which is required by SSAP 16, reduces the effect of these current cost adjustments to allow for the benefit to shareholders of financing the business partly by borrowings. The adjustment is based on the ratio of average net borrowings to the total of average shareholders' funds and average net borrowings. For this purpose, net borrowings comprise not only indebtedness but also all other monetary liabilities and provisions except those included in the monetary working capital adjustment, less investments and other current assets, other than those included in the cost of sales and monetary working capital adjustments.

SSAP 16 requires that nationalised industries, in view of the special nature of their capital structure, should not make a gearing adjustment in their profit and loss accounts. Accordingly a gearing adjustment is not included in the financial information in Part A since that information relates to the Corporation and its subsidiaries.

(4) Taxation

The adjustment to taxation comprises the tax relief on the adjustment to net interest receivable/(payable) outlined in Note (2). As with the other current cost adjustments, the gearing adjustment is not subject to taxation.

(5) Pro forma earnings per Ordinary Share

The pro forma earnings per Ordinary Share have been calculated by dividing the pro forma profit for the year attributable to shareholders of £287 million and £359 million on a current cost and an historical cost basis respectively by the 4,150 million Ordinary Shares in issue and to be issued (see Note (8)).

(6) Unsecured debenture

The repayment dates and interest rates attaching to the unsecured debenture are as follows:

Interest rate %	Assumed date of maturity 31st March*	Amount £m
10%	1987	750
11	1988	250
11½	1989	400
11½	1990	400
11½	1991	350
11½	1992	350
		2,500
		750
		1,750
		2,500

Amounts falling due within one year
Amounts falling due after more than one year (Note (7))

*The date of repayment of instalments of the unsecured debenture will be between 20th March and 20th April in each year, at the option of H.M. Government. For the purposes of the pro forma financial information, it is assumed that repayment occurs on 31st March each year, commencing with the first instalment on 31st March, 1987.

(7) Creditors (amounts falling due after more than one year)

The adjustments to the previously reported amounts are as follows:

	£m
Elimination of British Gas 3% Guaranteed Stock, 1990-95	(214)
Unsecured debenture (Note (6))	1,750
	1,536

(8) Share capital

If the Offer for Sale becomes effective, the ordinary share capital of British Gas plc will be as follows:
Authorised
5,500 million Ordinary Shares of 25p each £1,375 million
Issued and fully paid or credited as fully paid
4,150 million Ordinary Shares of 25p each £1,037.5 million
One Special Rights Redeemable Preference Share of £1 has been issued to H.M. Government, credited as fully paid.

(9) Reserves

CCA		HCA	
Current cost reserve	Profit and loss account	Profit and loss account	Asset maintenance account
£m	£m	£m	£m
14,202	3,981	3,981	3,486
	214	214	
	(3,538)	(3,538)	
14,202	657	657	3,486
	14,859		4,143

Yours faithfully,
PRICE WATERHOUSE
Chartered Accountants

SECTION V
INFORMATION RELATING TO THE PROFIT FORECAST

1. Assumptions underlying the profit forecast

The profit forecast set out in Part E of Section I includes results shown by the unaudited financial statements for the three months ended 30th June, 1986 and the unaudited management accounts for the thirteen weeks ended 28th September, 1986.

The profit forecast is made on the basis of the following principal assumptions for the remainder of the year ending 31st March, 1987:

- (a) seasonal normal temperatures will prevail;
 - (b) there will be no significant variation in the current selling prices in the United Kingdom of heavy fuel oil and gas oil; and
 - (c) there will be no significant variation in the sterling exchange rate against those currencies which affect the cost of gas under the Frigg contracts.
- In addition, the following general assumptions for the remainder of the year ending 31st March, 1987 have been made:
- (d) there will be no major interruption in the supplies of gas to British Gas or major damage to its pipelines or other facilities;
 - (e) there will be no industrial disputes or political or other disturbances which would materially affect the operations of British Gas;
 - (f) there will be no significant changes in the currently prevailing economic conditions in the United Kingdom;
 - (g) there will be no change in United Kingdom legislation or regulations and no actions by the Director General which will have an unexpected effect on the business of British Gas; and
 - (h) there will be no material change in the current basis or rates of United Kingdom taxation.

2. Letters

The following letters relate to the profit forecast for the year ending 31st March, 1987.

(a) Letter from Price Waterhouse

The Directors,
British Gas plc,
Rivermill House,
152 Grosvenor Road,
London SW1V 3JL
21st November, 1986

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast of British Gas plc for the year ending 31st March, 1987 set out in Part E of Section I of the Offer for Sale document dated 21st November, 1986. The forecast, for which the Directors are solely responsible, includes the results shown by the unaudited financial statements for the three months ended 30th June, 1986 included in Section V of the Offer for Sale document and the unaudited management accounts for the thirteen weeks ended 28th September, 1986.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors set out in Section V of the Offer for Sale document and is presented on a basis consistent with the accounting policies previously adopted by British Gas Corporation and now adopted by British Gas plc.

Yours faithfully,
PRICE WATERHOUSE
Chartered Accountants

(b) Joint letter from N M Rothschild & Sons Limited and Kleinwort Benson Limited

The Directors,
British Gas plc,
Rivermill House,
152 Grosvenor Road,
London SW1V 3JL
21st November, 1986

Gentlemen,

We refer to the profit forecast for the year ending 31st March, 1987, which is set out in Part E of Section I of the Offer for Sale document dated 21st November, 1986.

We have discussed the forecast, together with the bases and assumptions upon which the forecast is made, with officials of the Company and with Price Waterhouse. We have also considered the letter dated 21st November, 1986, addressed to yourselves by Price Waterhouse, regarding the accounting policies and calculations underlying the forecast.

On the basis of the foregoing, we consider that the forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours very truly,
For and on behalf of
N M Rothschild & Sons Limited
Michael Richardson
Anthony Alt
Directors

Yours faithfully,
For Kleinwort Benson Limited
Rockley
David Clement
Directors

3. Supplementary unaudited financial information for the three months ended 30th June, 1985 and 1986

Set out below are the unaudited consolidated results for the three months ended 30th June, 1985 and 1986:

CCA		HCA	
Three months ended 30th June 1985	1986	Three months ended 30th June 1985	1986
£m	£m	£m	£m
1,537	1,549	1,537	1,549
(991)	(852)	(976)	(880)
546	697	561	669
(398)	(406)	(341)	(349)
(152)	(155)	(141)	(145)
(4)	136	79	175
20	30	20	30
16	166	99	205
(34)	(72)	(34)	(72)
(18)	94	65	133

Set out below are the unaudited consolidated balance sheets at 30th June, 1985 and 1986:

CCA		HCA	
At 30th June 1985	1986	At 30th June 1985	1986
£m	£m	£m	£m
15,847	16,670	5,762	6,100
198	188	197	187
1,306	1,389	1,306	1,389
1,025	1,342	1,025	1,342
13	9	13	9
2,542	2,928	2,541	2,927
(11,211)	(11,174)	(11,211)	(11,174)
1,421	1,754	1,420	1,753
17,268	18,424	7,182	7,853
(340)	(217)	(340)	(217)
(30)	(36)	(30)	(36)
16,898	18,171	6,812	7,600
16,898	18,171	6,812	7,600

Commentary

The unaudited results for the three months ended 30th June, 1985 and 1986 set out above show that profit before taxation increased by £150 million on a CCA basis and by £106 million on an HCA basis.

The increase in profit was mainly attributable to a lower cost per therm of gas purchased and to higher sales in the domestic and commercial markets, largely caused by colder weather. The lower cost of gas primarily resulted from reductions in gas supplies from Frigg (following industrial action at the field), which were temporarily replaced by supplies mainly from the lower cost Early Southern Basin Fields, and from the effect of more favourable exchange rates. These lower gas costs also affected the current cost working capital adjustments, contributing £43 million to the improvement in CCA profit before taxation. There was an appreciable reduction in turnover in the industrial market but turnover overall was slightly higher than for the same period in the previous year.

The results for the first quarter cannot be regarded as a guide to the year's results as a whole.

SECTION VI
PETROLEUM CONSULTANTS' REPORT

The following is the text of a report from ERC Energy Resource Consultants Limited, reporting petroleum consultants:

15 Welbeck Street
London W1M 7PF
21st November, 1986

The Secretary of State for Energy
The Directors, British Gas plc
The Directors, N M Rothschild & Sons Limited

Dear Sirs,

We have reviewed the petroleum exploration and production interests of British Gas plc ("British Gas") as at 1st November, 1986 in connection with the offer for sale of Ordinary Shares in British Gas dated 21st November, 1986.

1 Professional qualifications

ERC Energy Resource Consultants Limited ("ERC") is an independent consultancy, specialising in petroleum reservoir evaluation. Except for the provision of professional services on a fee basis, ERC has no commercial arrangement with any person or company involved in the offer for sale.

2 Introduction

We have relied solely on information made available to us by British Gas which comprised details of its licence interests, basic exploration and engineering data, interpreted data, technical reports, development plans and reviews of the performance of producing fields.

In estimating petroleum in place and recoverable petroleum we have used the standard techniques of petroleum evaluation. There is uncertainty inherent in the measurement and interpretation of basic data. We have estimated the degree of this uncertainty and have used statistical methods to calculate the range of petroleum initially in place or recoverable.

3 Definitions

"Proven", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) to a high degree of certainty. For the purposes of this definition, there is a 90 per cent. chance that the actual quantity will be more than the amount estimated as Proven and a 10 per cent. chance that it will be less.

"Probable", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) but with a greater element of risk than in the case of Proven. For the purposes of this definition, there is a 50 per cent. chance that the actual quantity will be more than the amount estimated as Proven + Probable and a 50 per cent. chance that it will be less.

"Possible", in relation to quantities of petroleum, means the amount thereof which geophysical, geological and engineering data indicate to be in place or recoverable (as the case may be) but to which a substantial element of risk must be attached. For the purposes of this definition, there is a 10 per cent. chance that the actual quantity will be more than the amount estimated as Proven + Probable + Possible and a 90 per cent. chance that it will be less.

"Commercial Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be commercially recoverable by present producing methods from fields currently in production or with government approval for development.

"Potentially Commercial Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be commercially recoverable by present producing methods from discoveries for which no firm development plan exists.

"Technical Reserves" are those quantities of petroleum which we consider, on the basis of information currently available and present economic conditions, to be recoverable by present producing methods, so that production of such reserves would be expected to cover operating costs at all times but would not necessarily provide a commercial return on development costs.

(For the purposes of the last three definitions above, present producing methods are limited to primary depletion or secondary recovery by water or gas injection and do not include enhanced petroleum recovery techniques.)

- "bbl" means barrel(s).
- "stb" means stock tank barrel(s) measured at 14.7 pounds per square inch and 60 degrees Fahrenheit.
- "scf" means standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit.
- "M", "MM", "B" mean thousands, millions and thousands of millions respectively.
- "condensate" means liquid hydrocarbons which are sometimes produced with natural gas and liquids derived from natural gas.
- "ultimate" when stating reserves of petroleum, means the total amount of petroleum that would be produced from the start of production to the end of commercial production.
- "remaining" when stating reserves of petroleum, means the total amount of petroleum which is expected to be produced from the reference date (30th June, 1986 in this report) to the end of commercial production.

In this report gas, condensate and oil Commercial and Potentially Commercial Reserves and production forecasts are confined to those quantities which are estimated to be available for sale. Technical Reserves are stated after appropriate deductions for fuel consumption.

4 Commercial fields

The following table sets out our estimates of total petroleum initially in place and total ultimate and remaining Commercial Reserves at 30th June, 1986 by field and in aggregate and our estimates of remaining Commercial Reserves attributable to British Gas by field and in aggregate, on the basis of its percentage interests (shown to two decimal places) at 30th June, 1986.

PETROLEUM IN PLACE AND ULTIMATE AND REMAINING COMMERCIAL RESERVES

	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		ROUGH		TOTAL		ONSHORE OIL FIELDS
	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Oil (MMstb)
Petroleum initially in place	4,590	—	6,690	—	2,700	—	327	—	14,307	—	42.34
Proven	5,410	—	7,350	—	2,920	—	389	—	16,069	—	55.86
Proven+Probable	6,360	—	7,940	—	3,160	—	438	—	17,898	—	75.08
Proven+Probable+Possible	—	—	—	—	—	—	—	—	—	—	—
Ultimate Commercial Reserves	—	—	—	—	—	—	—	—	—	—	—
Proven	3,647	10.94	5,265	3.88	2,584	5.43	297	2.15	11,793	22.40	8.29
Proven+Probable	4,371	17.48	5,784	4.24	2,795	5.82	334	2.46	13,304	30.00	13.38
Proven+Probable+Possible	5,215	26.08	6,348	4.57	3,025	6.25	400	2.71	14,888	39.61	18.43
Production to 30th June, 1986	20	0.08	3,961	2.95	1,795	3.95	156	1.37	5,932	8.35	0.66
Remaining Commercial Reserves	—	—	—	—	—	—	—	—	—	—	—
Proven	3,627	10.86	1,304	0.93	789	1.48	141	0.78	5,861	14.05	7.63
Proven+Probable	4,351	17.40	1,823	1.29	1,000	1.87	198	1.09	7,372	21.65	12.72
Proven+Probable+Possible	5,195	26.00	2,387	1.62	1,230	2.30	244	1.34	8,956	31.26	17.77
British Gas Interest (%)	100	—	28.98	—	30.77	—	100	—	—	—	various
Remaining Commercial Reserves attributable to British Gas	—	—	—	—	—	—	—	—	—	—	—
Proven	3,627	10.86	378	0.27	243	0.46	141	0.78	4,389	12.37	3.81
Proven+Probable	4,351	17.40	528	0.37	308	0.58	198	1.09	5,385	19.44	6.35
Proven+Probable+Possible	5,195	26.00	663	0.47	378	0.71	244	1.34	6,480	28.52	8.86

(1) Amounts stated are those attributable to the East Leman Unit ("ELU") and the Amoco/Gas Council Group ("A/GC group") only, as explained below.
 (2) Production for Rough is to the date of commencement of injection into the field on 14th July, 1985.
 (3) Welfan, Nettleham and Farleys Wood.

4.1 The South Morecambe field
 The South Morecambe field is a faulted anticline. The reservoir contains a dry gas entirely underlain by water and comprises the Triassic Sherwood Sandstone Group, which is several thousand feet thick. Porosities are moderate to good. Primary permeabilities are generally high but the presence of illite severely reduces permeability to approximately 40 per cent. of the reservoir. The field is to be developed in two stages. At present Stage 1 is under way. By 30th June, 1986 the central processing platform and three drilling platforms had been installed and 11 development wells had been drilled. First production occurred in January 1985.

4.2 The Leman field (ELU)
 The Leman field is a large faulted anticline. The reservoir contains dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness between 550 and 930 feet. Porosities are moderate to good; permeabilities are poor to moderate. British Gas has an interest in Block 49/27 which is a part of the ELU. The ELU covers that part of the field underlying Blocks 49/27, 49/28, 53/1a and 53/2. A total of 91 development wells had been drilled in the ELU area from nine platforms by 30th June, 1986. The field is now producing at declining rates. The reserve estimates other than at the Proven level are based on the assumption that additional compression facilities will be installed in the field.

4.3 The Indefatigable field (A/GC group)
 The Indefatigable field is a heavily faulted anticline. The reservoir contains a dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness from 50 to 420 feet. Two satellite structures are also included within the field area. Porosities are moderate to good; permeabilities are poor to good. British Gas is a member of the A/GC group which has interests in the western area of the field, in which a total of 32 development wells had been drilled from three platforms by 30th June, 1986. The field is still producing at plateau production rates. The reserve estimates other than at the Proven level are based on the assumption that six additional development wells will be drilled.

4.4 The Rough field
 The Rough field is a fault bounded anticline. The reservoir contains a dry gas in Lower Permian Rotliegendes sandstones, which vary in thickness from 80 to 117 feet. Porosities are moderate; permeabilities are moderate to good. In 1980 British Gas purchased its co-venturers' interests in the field in order to use it for gas storage. Injection first began in July 1985 by which time a total of 156 Bcf or about 44 per cent. of the ultimate recovery had been produced. Since that date, production from the field has been restricted to peak demand periods only. Net injection from July 1985 to 30th June, 1986 was 11.3 Bcf.

4.5 The Welfan, Nettleham and Farleys Wood fields
 These oil fields are situated in the East Midlands. The Welfan reservoir comprises up to 250 feet of Carboniferous fluvial sandstone and shales with discontinuous secondary reservoirs. The structure is fault bounded to the east and dip closed elsewhere. Reservoir characteristics are good in the south of the field where oil flows naturally, but only moderate in the north where oil has to be pumped. All 18 development wells have been drilled. The Nettleham field is a dip closed structure situated southwest of the Welfan field and has the same, good quality reservoir sands and similar light oil. The field will be developed by one well connected to Welfan. The Farleys Wood field is situated immediately north of the mature Eaking oil field. The Carboniferous reservoir sands are of moderate quality and a light oil is pumped from two wells.

4.6 Forecast production
 The following table summarises our forecasts of production of gas, condensate and oil attributable to British Gas by field and in aggregate on the basis of its percentage interests at the Proven + Probable level. The forecasts for gas are based on assumed delivery patterns and, for the South Morecambe field in particular, these may vary significantly according to the severity of the weather during the periods of peak demand. The Rough field has been excluded from the table because only production of injected gas is expected in the foreseeable future.

Year	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		TOTAL		ONSHORE OIL FIELDS
	Gas (Bcf/year)	Condensate (MMstb/year)	Gas (Bcf/year)	Condensate (MMstb/year)	Gas (Bcf/year)	Condensate (MMstb/year)	Gas (Bcf/year)	Condensate (MMstb/year)	Oil (MMstb/year)
1985/86 ⁽¹⁾	18 (-)	72 (-)	54 (7)	38 (5)	37 (3)	69 (6)	109 (10)	179 (11)	207 (79)
1986/87	31	124	53	37	36	67	120	228	519
1987/88	71	284	50	35	34	63	155	382	505
1988/89	69	276	43	30	28	52	140	358	492
1989/90	88	352	42	30	38	71	168	453	483
1990/91	88	352	35	25	31	59	154	436	473
1991/92	131	524	38	27	28	52	197	603	466
1992/93	131	524	32	23	42	63	185	589	463
1993/94	131	524	28	20	18	34	177	578	443
1994/95	131	524	25	18	15	29	171	571	388
Average for the years 1985/86 to 1994/95	184	735	18	13	9	16	211	764	240
Average for the years 2000/01 to 2004/05	253	1,013	10	7	2	4	265	1,024	122
Average for the years 2005/06 to 2009/10	152	610	7	5	—	—	159	615	45
Average for the years 2010/11 to 2014/15	66	262	—	—	—	—	66	262	—
Average for the years 2015/16 to 2019/20	33	132	—	—	—	—	33	132	—
Average for the years 2020/21 and 2021/22	20	80	—	—	—	—	20	80	—

(1) Annual rates (appropriately rounded) of production are given for contract years, from 1st October to 30th September.
 (2) The figures in brackets represent production from 1st July to 30th September, 1986.

5 Potentially Commercial petroleum discoveries
 We have identified ten petroleum discoveries in which British Gas has interests and where drilling has demonstrated the existence of Potentially Commercial Reserves. Seven are dry gas discoveries on the UKCS and three are conventional oil discoveries in the East Midlands.

The following table sets out in aggregate our estimates of total petroleum initially in place and total Potentially Commercial Reserves at 30th June, 1986 and our estimates of the total Potentially Commercial Reserves attributable to British Gas on the basis of its percentage interests at 30th June, 1986.

	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		TOTAL	
	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)
Total petroleum initially in place	4,590	—	6,690	—	2,700	—	327	—
Gas	(Bcf)	2,378	3,050	—	3,808	—	—	—
Oil	(MMstb)	2.10	5.24	—	13.82	—	—	—
Total Potentially Commercial Reserves	—	—	—	—	—	—	—	—
Gas	(Bcf)	1,703	2,213	—	2,801	—	—	—
Condensate	(MMstb)	6.98	10.43	—	14.70	—	—	—
Oil	(MMstb)	0.42	1.07	—	3.01	—	—	—
Total Potentially Commercial Reserves attributable to British Gas	—	—	—	—	—	—	—	—
Gas	(Bcf)	1,174	1,466	—	1,797	—	—	—
Condensate	(MMstb)	3.48	5.54	—	8.16	—	—	—
Oil	(MMstb)	0.18	0.48	—	1.26	—	—	—

5.1 Dry gas discoveries
 The wholly-owned North Morecambe reservoir in Block 110/2a contains a dry gas in sandstones and shales of the Triassic Sherwood Sandstone Group. The structure is separated from the South Morecambe gas field by a graben structure and is about a quarter of its size. Closure is completed to the east, north and west by faulting and dip. Primary permeabilities are generally high but the presence of platy illite severely reduces permeability to approximately 45 per cent. of the reservoir.

There are also four dry gas discoveries in Rotliegendes sandstones in the Southern Basin of the North Sea. One discovery comprises extensions to the Amethyst structure into Blocks 47/8a, 47/9a and 47/15a, where the reservoir is in thin, variable quality sandstones. The remaining three discoveries are situated in Block 49/29, where good quality sandstones have been discovered in two separate, small, fault and dip closed structures and also in the Welfan discovery, which extends into the block.

In addition there are two dry gas discoveries in the Irish Sea in the Triassic Sherwood Sandstone Group: a domal structure in Block 113/26, where the reservoir comprises sandstones and shales and is affected by platy illite which reduces primary permeability, and a domal structure, fault bounded to the east and west, in Block 110/7a which has been penetrated by two wells and where the reservoir comprises sandstones and shales and permeability is high.

5.2 Oil discoveries
 British Gas has interests of 25 to 50 per cent. in three small oil accumulations in the East Midlands.

6 Other petroleum discoveries
 Of the petroleum discoveries in which British Gas has interests, we have identified 14 which we consider contain Technical Reserves. Nine are dry gas discoveries, of which two are in Great Britain, six are on the UKCS and one is offshore the Republic of Ireland. Four are gas condensate discoveries on the UKCS and one is a conventional oil discovery in the East Midlands.

The following table sets out in aggregate our estimates of total petroleum initially in place and total Technical Reserves at 30th June, 1986 and our estimates of the total Technical Reserves attributable to British Gas on the basis of its percentage interests at 30th June, 1986.

	SOUTH MORECAMBE		LEMAN (ELU)		INDEFATIGABLE (A/GC GROUP)		TOTAL	
	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)	Gas (Bcf)	Condensate (MMstb)
Total petroleum initially in place	4,590	—	6,690	—	2,700	—	327	—
Gas	(Bcf)	1,697	3,056	—	4,986	—	—	—
Oil	(MMstb)	5.30	7.20	—	9.70	—	—	—
Total Technical Reserves	—	—	—	—	—	—	—	—
Gas	(Bcf)	1,033	1,914	—	3,144	—	—	—
Oil and condensate	(MMstb)	61.73	106.83	—	171.20	—	—	—
Total Technical Reserves attributable to British Gas	—	—	—	—	—	—	—	—
Gas	(Bcf)	427	802	—	1,342	—	—	—
Oil and condensate	(MMstb)	24.63	43.70	—	72.04	—	—	—

7 Undrilled prospects
 We have reviewed all the undrilled potentially petroleum bearing structures proposed to us by British Gas and, as a result, we have identified 22 undrilled prospects which, on the basis of geological and geophysical interpretations, we consider warrant drilling, as they potentially contain sufficient petroleum to justify development under present economic conditions.

We have identified one undrilled prospect in the Northern North Sea, seven in the Southern Basin of the North Sea, one in the English Channel, three in the Irish Sea, three offshore the Republic of Ireland and seven in Great Britain.
 Yours faithfully
 ERC ENERGY RESOURCE CONSULTANTS LIMITED
 D C Wilson
 Technical Director

SECTION VII
 STATUTORY AND
 GENERAL INFORMATION

A. INCORPORATION AND VESTING
 The Company was incorporated in England and Wales on 1st April, 1986 under the Companies Act 1985 as a public limited company with registered number 2006000. On 31st July, 1986 a certificate to do business was granted to the Company under section 117 of that Act. On 24th August, 1986 the property, rights and liabilities of the Corporation (other than rights and liabilities in respect of British Gas Stock referred to below) vested in the Company under the Gas Act.

B. SHARE AND LOAN CAPITAL

1. Share capital
 The Company's authorised share capital on incorporation was £50,000, divided into 50,000 shares of £1 each, of which two were subscribed at par by nominees of the Secretary of State. The remainder were issued to the Secretary of State for cash at par on 25th July, 1986.

On 19th August, 1986 the authorised share capital of the Company was increased to £8,050,001 by the creation of 8,000,000 ordinary shares of £1 each and the Special Share, all of which were issued for cash at par on that date to the Secretary of State.

On 20th November, 1986:

- (a) the 8,050,000 ordinary shares of £1 each were subdivided into 32,200,000 Ordinary Shares of 25p each;
- (b) the authorised share capital of the Company was increased to £12,500,001 by the creation of 17,800,000 additional Ordinary Shares and the Directors were authorised and empowered, in accordance with the Companies Act 1985, to allot such Ordinary Shares to the Secretary of State;
- (c) 17,800,000 Ordinary Shares were issued, credited as fully paid, to the Secretary of State pursuant to a direction given by him under section 51 of the Gas Act;

and, conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986:

- (d) the authorised share capital of the Company was further increased to £1,375,000,001 by the creation of 5,450,000,000 additional Ordinary Shares;
- (e) the Directors were generally authorised, in accordance with section 80 of the Companies Act 1985, to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £1,362,500,000, such authority to expire on 19th November, 1991;
- (f) the Directors were given power, pursuant to section 95 of the Companies Act 1985, to allot equity securities (as defined in section 94 of that Act) for cash, pursuant to the authority referred to in sub-paragraph (e) above, as if section 89(1) of that Act did not apply in the allotment, but the power was limited:

- (i) to the allotment of equity securities in connection with a rights issue in favour of the holders of Ordinary Shares (subject to such exclusions as the Directors may deem necessary to deal with problems arising in any overseas territory or in connection with fractional entitlements or otherwise howsoever);
- (ii) to the allotment (otherwise than pursuant to (i) above) of equity securities up to an aggregate nominal value of £68,750,000;

and, in the case of (ii) above, the power was expressed to expire on the date of the first annual general meeting to be held after 31st December, 1986; and

(g) 4,100,000,000 Ordinary Shares were allotted, credited as fully paid, to the Secretary of State by way of capitalisation of part of the sum standing to the credit of the Company's reserves.

2. Loan capital
 On 26th August, 1986, pursuant to a direction given by the Secretary of State under section 51 of the Gas Act, the Company issued a debenture to the Secretary of State acknowledging indebtedness in the principal amount of £8 million, repayable on 31st December, 1986 or, if earlier, on demand. The amount outstanding under this debenture was repaid on 27th August, 1986.

On 20th November, 1986, pursuant to a further direction given by the Secretary of State under section 51 of the Gas Act, the Company issued a debenture in H.M. Treasury acknowledging indebtedness in the principal amount of £2,500 million (the "Debt"). The Debt is repayable in tranches in each of the six successive years commencing with 1987, on a repayment date or dates between 20th March and 20th April. The first tranche is to be of £750 million; the second of £250 million; the third and fourth of £400 million each; and the fifth and sixth of £350 million each. The Debt is not repayable. From 8th December, 1986, interest accrues on the tranches of the Debt at rates ranging from 10 1/2 per cent. per annum to 11 1/2 per cent. per annum and is payable in arrear at six-monthly intervals or on repayment of the relevant tranche.

3. British Gas 3% Guaranteed Stock, 1990-95
 Under section 50 of the Gas Act, on 24th August, 1986 all the rights and liabilities to which the Corporation was entitled or subject immediately before that date under the terms of issue of the British Gas 3% Guaranteed Stock, 1990-95 vested in H.M. Treasury and accordingly were excluded from the property, rights and liabilities of the Corporation which vested in the Company. The Stock was renamed "3% Exchange Gas Stock, 1990-95". The principal amount of British Gas Stock outstanding at the time of vesting was approximately £214 million.

C. MEMORANDUM AND ARTICLES OF ASSOCIATION
 The Memorandum of Association of the Company indicates that the Company's principal objects are to succeed to the property, rights and liabilities of the Corporation, to carry on, expand and extend the businesses of the Corporation and to carry on energy-related activities. The objects of the Company are set out in full in clause 4 of its Memorandum of Association.

On 20th November, 1986 new Articles of Association were adopted by the Company conditionally on the whole of the ordinary share capital, issued and to be issued, being admitted to the Official List by The Stock Exchange not later than 31st December, 1986. The effect of certain provisions of these Articles is summarised in paragraphs 1 to 6 below.

1. Special Share

The Special Share may only be held by or transferred to the Secretary of State, another Minister of the Crown, the Treasury Solicitor or any other person acting on behalf of the Crown. The registered holder for the time being of the Special Share (the "Special Shareholder") may, after consulting the Company, require the Company to redeem the Special Share at par at any time.

The Special Shareholder is entitled to receive notice of, and to attend and speak at, any general meeting or any meeting of any class of shareholders, but not to vote at such a meeting. The Special Share confers no right to participate in the capital or profits of the Company, except that on a winding-up the Special Shareholder is entitled to repayment of £1 in priority to other shareholders. However, each of the following matters is deemed to be a variation of the rights attaching to the Special Share and is only effective with the consent in writing of the Special Shareholder:

- (a) the amendment, removal or alteration of the effect of certain definitions (relating primarily to the Special Share) in the Articles, of the Special Share Article, or of the limitation on shareholdings (referred to in paragraph 3 below);
- (b) the creation or issue of any shares with voting rights, not being (i) shares comprised in the relevant share capital (as defined in section 194(2) of the Companies Act 1985) or (ii) shares which do not constitute equity share capital and which, when aggregated with all other such shares, carry the right to cast less than 15 per cent. of the votes capable of being cast on a poll at any general meeting; or
- (c) the variation of any voting rights attached to any shares.

2. Ordinary Shares

(a) Dividends
 The holders of Ordinary Shares are entitled to the profits of the Company available for dividend and resolved to be distributed, in proportion to the number of Ordinary Shares held by them and the amounts paid up on the shares.

(b) Return of capital
 On a winding-up, the balance of the assets available for distribution, after deduction of any provision made under section 719 of the Companies Act 1985 and repayment of the amount paid up on the Special Share and subject to any special rights attached to any other class of shares, shall be applied in repaying to the holders of Ordinary Shares the amounts paid up on those shares, and any surplus assets will

(c) Variation of rights

Subject to the provisions of the Companies Act 1985, the rights attached to any class of shares may be varied in such manner as may be provided by those rights or with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class. Unless otherwise expressly provided by the rights attached to any class of shares, those rights are deemed to be varied by the reduction of capital paid up on those shares and by the creation or issue of further shares ranking in priority to them for payment of a dividend or repayment of capital or which confer on the holders voting rights more favourable than those conferred by the first-mentioned shares, but are deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them.

(d) Transfer of shares

Ordinary Shares may be transferred by an instrument in any usual form or in any other form approved by the Directors. The Directors may refuse to register a transfer if it is (i) of Ordinary Shares which are not fully paid, (ii) not stamped and duly presented for registration together with the share certificate and such other evidence of title as the Directors reasonably require, (iii) in respect of more than one class of share, (iv) in favour of more than four transferees or (v) made in the circumstances referred to in paragraph 3(b) above.

(e) Alteration of capital

The Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, subdivide all or any of its shares into shares of smaller amount, and cancel any shares not taken or agreed to be taken by any person. The Company may, subject to the provisions of the Companies Act 1985, by special resolution, reduce its share capital, any capital redemption reserve and any share premium account.

5. Directors

(a) Each Director shall be paid a fee for his services as a Director of such an amount as the Directors may determine, not exceeding £25,000 per annum or such larger amount as the Company may by ordinary resolution determine. The Directors may also be paid all expenses properly incurred by them in connection with the discharge of their duties as Directors.

A Director who holds an executive office under, or who is employed by, the Company or who provides it with services outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors think fit.

The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with British Gas and for a member of his family or other dependant.

(b) Subject to the provisions of the Companies Act 1985, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director is not by reason of his office disqualified from being a party to, or otherwise interested in, any transaction or arrangement with the Company, or in which the Company has an interest, or with a body corporate in which the Company has an interest, or disqualified from being an officer or employee of any such body corporate, or liable to account to the Company for any benefit thereby derived; and no such transaction or arrangement is liable to be avoided on the ground of any such interest or benefit.

Except as otherwise provided by the Articles, no Director may vote or be counted in a quorum at a meeting in relation to any resolution concerning a matter in which he has a material interest (other than an interest in shares, debentures or other securities of, or otherwise in or through, the Company). The prohibition will not apply to:

- (i) the giving of any guarantee, security or indemnity to a Director in respect of money lent to or obligations incurred by him for the benefit of the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by giving security;
- (iii) the participation of a Director in the underwriting or sub-underwriting of an offer of shares or debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;
- (iv) any proposal for a retirement benefits scheme which has been approved or is conditional upon approval by the Board of Inland Revenue for taxation purposes;
- (v) any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not accord to the Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates; or
- (vi) any proposal concerning any other company in which the Director is interested, whether as an officer, creditor or shareholder, provided that he is not the holder (other than as bare trustee) of or beneficially interested in one per cent. or more of any class of the equity share capital of the company (or of any third company through which his interest is derived) or of the voting rights of members of such company.

The Company may by ordinary resolution suspend or relax the provisions prohibiting a Director from voting at a meeting of the Directors.

(c) The provisions of section 293 of the Companies Act 1985 (relating to the appointment and retirement as Directors of persons who are aged 70 or more) do not apply to the Directors.

(d) At each annual general meeting, one third of the Directors who are subject to retirement by rotation (or, if their number is not three or a multiple of three, the number nearest to one third) shall retire from office by rotation. The Chairman of the Directors, the Chief Executive Director, and one other Director holding such executive office as the Directors may determine, are not subject to retirement by rotation.

6. Borrowing powers

The Directors, who may exercise all the powers of the Company to borrow money (with or without security), must restrict the borrowings of the Company and exercise all powers of control exercisable by the Company in relation to its subsidiaries so as to secure (as regards its subsidiaries, so far as by such exercise they can secure) that the aggregate principal amount outstanding of all borrowings by the Company and its subsidiaries (the "Group") (excluding amounts borrowed by any member of the Group from any other member of the Group), shall not without the previous sanction of an ordinary resolution of the Company exceed an amount equal to 0.7 times the aggregate of the amount paid up on the share capital of the Company and the total of the capital and revenue reserves of the Group, as shown by the latest audited consolidated accounts of the Group. The borrowings restriction will be calculated by reference to the CCA balance sheet but the Articles provide for the multiple of 0.7 referred to above to be replaced by a multiple of two if the latest accounts of the Group include an HCA balance sheet but no CCA balance sheet. The Articles also make provision for certain liabilities to be treated as borrowings, for the computation of borrowings and for the adjustment of share capital and reserves. Until the first audited accounts of the Group are published, the amount of the said limit on borrowings will be £10 billion.

7. Attendance at meetings

If at any time the Company has a very large number of shareholders it may need to seek authority to restrict or regulate, where appropriate, attendance at general meetings on a basis as far as possible to all members and without prejudice to voting rights.

D. DIRECTORS' INTERESTS

Save as disclosed in this Part, none of the Directors or has had any interest in any transactions which are or were unusual in their nature or conditions or significant to the business of the Group and which were effected by the Company or the Corporation since 31st March, 1985 or were effected by the Corporation before that date and remain in any respect outstanding or unperformed.

No Director has any interest in the share capital of the Company or its subsidiaries; executive Directors may participate in the employee share schemes described in Part E of this Section and in the special arrangements for employees applying for shares, and Directors may apply like any other member of the public under the Offer for Sale.

It is estimated that on the basis of the arrangements in force at the date of the Offer for Sale the aggregate remuneration (exclusive of pension contributions and benefits in kind) of the Directors during the year ending 31st March, 1987 would be £422,800 (1986-£376,500).

All the executive Directors have entered into service agreements with the Company. The expiry dates of such agreements are as follows:

Director	Date
Sir Denis Rooke	30th June, 1989
Mr. R. Evans	30th September, 1988
Mr. C. W. Brierley	31st December, 1989
Mr. C. E. Donovan	28th February, 1989
Mr. W. G. Jewers	17th December, 1986
Mr. J. McHugh	31st December, 1988
Mr. W. R. Probert	31st December, 1989
Mr. A. Sutcliffe	28th July, 1989

Under the service agreement for Mr. Evans the Company may, by notice, vary the agreement so that it becomes determinable by not less than three years' notice served by either party on the other; under the service agreement for Mr. McHugh he is entitled to be the third executive Director not subject to retirement by rotation pursuant to the provisions of the Articles of Association summarised in paragraph 5(d) of Part C of this Section.

The Directors have established two Remuneration Committees: one comprising all the non-executive Directors and empowered to determine the remuneration and other terms of employment of the Chairman and the Chief Executive; the other comprising all the non-executive Directors and the Chairman and the Chief Executive, comprising all the non-executive Directors and other terms of employment of the afd empowered to determine the remuneration and other terms of employment of the other executive Directors and the top level of management below the Board. Having taken expert independent advice, the Committees have decided that following the admission of the Ordinary Shares to the Official List.

- (i) notice should be given under Mr. Evans' agreement varying it, as indicated above, so as to make it determinable by not less than three years' notice;
- (ii) the agreements for the other executive Directors, with the exception of Sir Denis Rooke and Mr. Jewers, should be amended so as to be determinable by not less than three years' notice, such notice to expire not earlier than the relevant expiry date shown above; and
- (iii) the annual remuneration of the executive Directors should be increased to the following rates:

Director	Remuneration
Sir Denis Rooke	£175,000
Mr. R. Evans	£115,000
Mr. C. W. Brierley	£85,000
Mr. C. E. Donovan	£85,000
Mr. W. G. Jewers	£95,000
Mr. J. McHugh	£93,000
Mr. W. R. Probert	£83,000
Mr. A. Sutcliffe	£68,000

The remuneration of the executive Directors stated above is inclusive of Directors' fees.

The fees for each of the non-executive Directors will, with effect from the admission of the Ordinary Shares to the Official List, be at the rate of £10,000 per annum.

Had the increased remuneration described above been in force with effect from 1st April, 1986, the aggregate remuneration of the Directors during the year ending 31st March, 1987 would be £789,800.

Sir Martin Jacob, a non-executive Director of the Company, is also Executive Chairman of Barclays de Zoete Wedd Limited, one of the U.K. Underwriters referred to in Part G of this Section.

E. EMPLOYEE SHARE SCHEMES

The Company has established a profit-sharing scheme and a savings-related share option scheme. Certain provisions of these schemes may be amended by the Directors with the approval of the Inland Revenue, but their basic structure (and in particular the limitations on participation and on the number of shares that may be issued under them, indicated below) cannot be altered without the prior sanction of the Company in general meeting.

Employee profit-sharing scheme (the "Profit-Sharing Scheme")

The Profit-Sharing Scheme, which has been approved by the Inland Revenue under the provisions of the Finance Act 1978 (as amended), will be used in conjunction with the Offer for Sale as described in paragraph 3 of Part A of Section IX below. It may also be used to acquire shares in future years for eligible employees of the Company and its participating subsidiaries, to be paid for out of profits. In this event, the Company and the participating subsidiaries will make payments to the trustees of the Scheme who will use the funds either to buy shares in the market or to subscribe for them. The subscription price will be the greater of the nominal value of a share on the date of subscription and the market value of a share which, so long as the shares are listed on the Stock Exchange, will be the middle market quotation derived from the Daily Official List for the second dealing day immediately preceding the date of subscription.

The Directors will decide whether the Profit-Sharing Scheme is to be operated in any year and, if so, the proportion of British Gas profits of the relevant financial year to be allocated for the Scheme, which may not exceed five per cent. of the profits of British Gas (before tax and extraordinary items) attributable to its operations in the United Kingdom. It is not intended to operate the Scheme after it has been used in conjunction with the Offer for Sale until 1988 in respect of the year ending 31st March, 1988 at the earliest.

The maximum value of shares appropriated to any participant under the Profit-Sharing Scheme in any year may not exceed the greater of £1,250 and ten per cent. of salary (subject to a maximum of £5,000).

The Finance Act 1978 requires that shares appropriated pursuant to the Profit-Sharing Scheme must be held by the trustees for a minimum period of two years after appropriation, during which they may not be dealt with in any way except in certain circumstances such as death, reaching statutory pensionable age or redundancy. For the following three years the trustees must retain the shares unless a participant instructs them otherwise and thereafter the shares may be transferred to the participant.

All shares appropriated under the Profit-Sharing Scheme will rank *pari passu* in all respects with all other ordinary shares then in issue. Application will be made to the Council of the Stock Exchange for listing on the Stock Exchange of the shares issued pursuant to the Profit-Sharing Scheme.

While a participant's shares remain held by the trustees a participant will be the beneficial owner of his shares and be entitled to receive dividends and, through the trustees, to vote and to participate in rights and capitalisation issues and elect to receive scrip dividends in substantially the same way as other shareholders.

Savings-related share option scheme (the "Sharesave Scheme")

The Company has adopted a Sharesave Scheme which has been submitted to, and is expected to be approved by, the Inland Revenue under the provisions of the Finance Act 1980. To join the Sharesave Scheme, eligible employees of the Company and of its participating subsidiaries must enter into a Save-As-You-Earn contract ("SAYE contract") with Nationwide Building Society to make 60 monthly contributions of not less than £10 nor more than £100 (or such greater amount, not exceeding £150, as may be permitted by statute) and may use those savings to subscribe for ordinary shares in the Company on the maturity of their SAYE contracts (five years after they commence saving).

Each eligible employee so joining will be entitled to apply for an option at a price per share ("Option Price") which will be fixed by the Directors but which will be not less than the greater of (i) the nominal value per share and (ii) 90 per cent. of the average market value of a fully paid share over the three dealing days immediately preceding the invitation to take up options. While the instalments are outstanding on shares sold in the Offer for Sale, market value will have to be agreed with the Inland Revenue. Thereafter, it will be determined by reference to the middle market quotation on the Stock Exchange. Each option granted will be over such number of shares as have an aggregate Option Price not exceeding the total monthly contributions, plus the bonus payable on maturity of the SAYE contract.

An option may only be exercised by the person to whom it was granted, or his personal representatives, and is not transferable.

In normal circumstances options may only be exercised within six months of the fifth anniversary of the starting date of the SAYE contract and while the participant remains an employee. Where, however, a participant ceases to be an employee of British Gas in certain circumstances such as injury, redundancy or reaching statutory or contractual pensionable age, he will have six months from the date of leaving within which to exercise his option. Where a participant dies before the fifth anniversary, the option can be exercised within twelve months of his death. If he dies within six months after the fifth anniversary, the option can be exercised within twelve months from that anniversary. In the event of the take-over, reconstruction, amalgamation or voluntary winding-up of the Company, options may be exercised within six months of the relevant event. In all cases of early exercise the participant will only be able to exercise his option over shares having an aggregate Option Price equal to the contributions made and interest (if any) received under his SAYE contract at the date of exercise.

Shares issued pursuant to the Sharesave Scheme will rank *pari passu* in all respects with ordinary shares then in issue, but they will not participate in any dividend or other rights attaching to shares by reference to a record date preceding the date of exercise. The Company will apply to the Council of the Stock Exchange for listing of the shares issued pursuant to the Sharesave Scheme.

The Directors intend to issue the first invitations under the Sharesave Scheme in early 1987. Thereafter invitations may only be issued in the 30 day period following the announcement of the yearly or half yearly results.

Share scheme limits

The Profit-Sharing and Sharesave Schemes are subject to the following limits on the number of shares that may be subscribed for:

- (a) not more than 550 million shares, representing ten per cent. of the authorised ordinary share capital of the Company on admission of the Ordinary Shares to the Official List of the Stock Exchange, may be issued pursuant to the Profit-Sharing Scheme using funds provided by the Company and its participating subsidiaries;
- (b) not more than 550 million shares, representing ten per cent. of the authorised ordinary share capital of the Company on admission of the Ordinary Shares to the Official List of the Stock Exchange, may be issued in the ten-year period ending on 16th September, 1996 pursuant to options granted under the Sharesave Scheme;
- (c) in any year, not more than one per cent. of the issued ordinary share capital of the Company may be subscribed for by the trustees of the Profit-Sharing Scheme using funds provided by the Company and its participating subsidiaries;
- (d) in any three-year period, not more than three per cent. of the issued ordinary share capital may in aggregate be so subscribed by the trustees or placed under option under the Sharesave Scheme (save in the five-year period following the establishment of the Schemes, when five per cent. of such issued ordinary share capital may be so subscribed or placed under option); and
- (e) in any ten-year period, not more than ten per cent. of the issued ordinary share capital may in aggregate be so subscribed for by the trustees or placed under option.

The limits referred to in (a) and (b) above, but not the percentages, may be adjusted in the event of a capital reorganisation.

Approved Share Option Scheme

The Remuneration Committee comprising all the non-executive Directors, which is referred to in Part D of this Section, will give consideration to the introduction of an Approved Share Option Scheme under the terms of the Finance Act 1984 for executive Directors and senior management. Any such scheme, if approved by the Remuneration Committee, would be put before shareholders for their approval. The grant of options under the scheme would be dealt with by the Remuneration Committee and no grants would be made, at the earliest, until after the Annual General Meeting in 1988.

F. WORKING CAPITAL

The Directors consider that, taking account of available facilities, British Gas has sufficient working capital for its present requirements.

G. UNDERWRITING

(a) The following arrangements have been made for underwriting the Offer for Sale:

(i) invitations to apply under the Offer for Sale for, in aggregate, 3,230 million Ordinary Shares (the "U.K. Offered Shares") are being made on 21st November, 1986 to certain institutions (who may include U.K. Underwriters referred to below). Each such institution will be invited to apply (or procure that applications are made by or on behalf of funds under its management) for a number of Ordinary Shares in respect of which (i) (or each such fund) a "Priority Applicant" will (1) be guaranteed an allocation of 30 per cent. of such Ordinary Shares ("Firm Placing Shares"), (2) be provisionally allocated (subject to recall as set out in paragraph (c) below) 20 per cent. of such Ordinary Shares ("Provisional Placing Shares"), and (3) undertake to purchase the balance of such Ordinary Shares ("Commitment Shares") if they are not otherwise allocated in the U.K. Public Offer. Priority Applicants will receive from the Secretary of State a commission of 0.5 per cent. of the aggregate value at the Offer for Sale price of their Firm Placing Shares and 1.25 per cent. of the aggregate value at the Offer for Sale price of their Provisional Placing Shares and their Commitment Shares; and

(ii) an agreement (the "U.K. Underwriting Agreement") dated 21st November, 1986 has been entered into between (1) the Secretary of State (2) the Company (3) N M Rothschild & Sons Limited and the underwriters named therein (the "U.K. Underwriters") and (4) the Directors of the Company, pursuant to which the U.K. Underwriters agreed to apply as Priority Applicants for such of the U.K. Offered Shares as are not applied for by Priority Applicants. The agreement provides for the Secretary of State to pay underwriting commissions to N M Rothschild & Sons Limited on behalf of the U.K. Underwriters and a commission to N M Rothschild & Sons Limited for arranging the underwriting amounting in aggregate to 0.175 per cent. of the aggregate value at the Offer for Sale price of the U.K. Offered Shares. In addition the Secretary of State has agreed to pay fees to the Brokers to the Offer for Sale.

(b) On 21st November, 1986 the Secretary of State and the Company entered into the following separate agreements (the "Overseas Underwriting Agreements") in respect of offerings to be made in the United States, Canada, Japan and Europe (the "Overseas Offerings") in respect of an aggregate of 795.5 million Ordinary Shares:

- (i) an agreement with Goldman, Sachs & Co. and others as representatives of a syndicate of U.S. Underwriters (the "U.S. Underwriters") pursuant to which the U.S. Underwriters severally agreed to purchase (subject to reduction as provided below) 285.5 million Ordinary Shares (in the form of American Depositary Shares each representing ten Ordinary Shares ("ADSs") and evidenced by first interim American Depositary Receipts). The amount payable by the U.S. Underwriters in respect of the first instalment will be the equivalent of £5.00 per ADS together with 7.5p in respect of United Kingdom stamp duty reserve tax ("SDRT"), translated into U.S. dollars at a rate determined by reference to the spot market selling rate for pounds sterling in London on or about 8th December, 1986;
- (ii) an agreement with Wood Gundy Inc. and others (the "Canadian Underwriters") pursuant to which the Canadian Underwriters severally agreed to purchase (subject to reduction as provided below) 170 million Ordinary Shares (in the form of ADSs and evidenced by first interim American Depositary Receipts). The amount payable by the Canadian Underwriters in respect of the first instalment will be the equivalent of £5.00 per ADS together with 7.5p in respect of SDRT, translated into Canadian dollars at a rate determined by reference to the spot market selling rate for pounds sterling in London on or about 8th December, 1986;
- (iii) an agreement with The Nomura Securities Co., Ltd. and others (the "Japanese Underwriters") pursuant to which the Japanese Underwriters jointly and severally agreed to purchase (subject to reduction as provided below) 170 million Ordinary Shares at the Offer for Sale price. The amount payable by the Japanese Underwriters in respect of the first instalment is to be translated into Japanese yen at the forward exchange rate ruling in Tokyo on or about 5th December, 1986, for value on 12th December, 1986; and
- (iv) an agreement with Swiss Bank Corporation International Limited and others (the "European Underwriters") pursuant to which the European Underwriters jointly and severally agreed to procure, as agents for the Secretary of State, applicants for, and failing which to apply and pay for, 170 million Ordinary Shares (subject to reduction as provided below) (the "European Offering Shares") at the Offer for Sale price.

As compensation to the Underwriters for their obligations pursuant to each of these agreements the Secretary of State has agreed to pay commissions to them (or, in the case of the European Offering, to intermediaries procured by or through the Underwriters) amounting in aggregate to 1.65 per cent. of the aggregate value at the Offer for Sale price (translated, where appropriate, at the relevant rate of exchange) for the U.S. Offering Shares, the Canadian Offering Shares, the Japanese Offering Shares and the European Offering Shares respectively (together, in the case of the European Underwriters, with United Kingdom VAT payable thereon). In addition, the Secretary of State has agreed to pay to the U.S. Underwriters, the Canadian Underwriters and the Japanese Underwriters amounts equal to interest on the aggregate amount of the first instalment of the shares to be purchased by them respectively. Such interest is to be calculated for periods of eight days (in the case of the U.S. and Canadian Underwriters) and four days (in the case of the Japanese Underwriters), at rates to be agreed between the Secretary of State and the relevant Underwriters. The Overseas Underwriting Agreements also provide for the payment by the Secretary of State of certain expenses incurred by the Underwriters.

Each of the Overseas Underwriting Agreements will become unconditional if the U.K. Underwriting Agreement becomes unconditional.

(c) The arrangements with the Priority Applicants and the Overseas Underwriters provide that, if valid applications under the U.K. Public Offer are received in respect of more than 3,230 million Ordinary Shares, the Provisional Placing Shares will be recalled from Priority Applicants and 40 per cent. of the Ordinary Shares comprised in the Overseas Offerings will be withdrawn from those Offerings, and the Ordinary Shares so recalled and withdrawn will be added to Ordinary Shares available for the U.K. Public Offer. Arrangements have also been made with the Overseas Underwriters under which Ordinary Shares may be withdrawn from the Overseas Offerings to meet estimated requirements for share bonus entitlements. The U.S., Canadian, Japanese and European Underwriters have agreed respectively to provide the Secretary of State with Ordinary Shares at the Offer for Sale price for such purpose should their estimates of the number of Ordinary Shares required be insufficient.

(d) The U.K. Underwriting Agreement and the Overseas Underwriting Agreements contain certain warranties and indemnities in favour of the Underwriters by the Secretary of State. The U.K. Underwriting Agreement contains, *inter alia*, certain conditions and provisions for termination in the event of a material change in relevant circumstances; if it is terminated the Overseas Underwriting Agreements will also terminate. In this event the U.K. and Overseas Underwriting Agreements make certain provisions relating to fees, commissions and other expenses.

(e) In respect of the Offer for Sale and the Overseas Offerings the Company has entered into an agreement dated 21st November, 1986 with the Secretary of State and the Directors and certain employees of the Company whereby (i) the Directors have given to the Secretary of State warranties relating to the Offer for Sale and the Directors and certain employees have received an indemnity from the Secretary of State in relation to certain liabilities under the Offer for Sale and the Overseas Offerings and (ii) the Company has given to the Secretary of State a warranty in relation to those parts of the offering documents to be used in the Overseas Offerings which relate to the Company and has received an indemnity from the Secretary of State in relation to the Offer for Sale and the Overseas Offerings.

(f) The Secretary of State, the U.K. Underwriters and each of the Overseas Underwriters have entered into an agreement for the purpose of ensuring the orderly marketing of the Ordinary Shares under the Combined Offer. It provides, *inter alia*, that the U.S., Canadian, Japanese and European Underwriters will (subject to limited exceptions) confine their offers and sales until the end of the initial distribution of Ordinary Shares pursuant to the Combined Offer to U.S., Canadian, Japanese and European Persons (as defined therein) respectively.

H. SELLING AND DISTRIBUTION COMMISSIONS

1. Selling commission

Selling agents (namely members of the Stock Exchange, licensed dealers, members of the Financial Intermediaries, Managers and Brokers Regulatory Association ("FIMBRA") and exempted dealers, but not members of Cheque and Credit Clearing Company Limited, their retail banking subsidiaries and certain other designated banks ("U.K. Clearing Banks")) are eligible to receive selling commissions from H.M. Government. Only shares allocated to successful applicants applying on yellow, orange, newspaper or green forms (excluding shares which represent a guaranteed allocation under the Customer Share Scheme described in paragraph 2(b)(4) of Part A of Section IX below) will qualify for such selling commission. The amount of selling commission payable to each selling agent will be whichever is the lower of the two aggregate amounts calculated by applying the applicable rates mentioned below to:

- (i) the value of each allocation of such shares (calculated on the basis of the Offer for Sale price) resulting from successful applications made on such forms submitted to the receiving banks bearing such selling agent's stamp and VAT registration number; and
- (ii) the value of each allocation of such shares (calculated as in (i) above) resulting from successful applications shown on the requisite claim forms submitted by that selling agent to National Westminster Bank PLC, New Issues Department, P.O. Box No. 79, 2 Princes Street, London EC2P 2BD, on or before 31st December, 1986.

Such selling commission will be payable to selling agents and, where applicable, realisable to financial intermediaries, on the relevant allocations at the following rates:

- (a) on any such allocation with a value of up to £10,000: 1.75 per cent. of the Offer for Sale price (of which 1 per cent. of the Offer for Sale price will be allowable to the financial intermediaries mentioned below); and

(h) on any such allocation with a value of more than £10,000, 1.75 per cent. of the Offer for Sale price on the first £10,000 of which 1 per cent. of the Offer for Sale price will be so allowable and 0.5 per cent. of the balance, subject to a maximum payment of £375 (of which £25 per cent. of the Offer for Sale price will be so allowable subject to a maximum payment of £200).

The financial intermediaries which are eligible for reallowance of such selling commissions are recognised banks and licensed deposit takers (within the meaning of the Banking Act 1979 but excluding U.K. Clearing Banks, solicitors of the Supreme Court, members of the institutes of chartered accountants, members of the Chartered Association of Certified Accountants, insurance brokers registered pursuant to the Insurance Brokers (Registration) Act 1977 and members of the British Insurance Brokers' Association, in each case in the United Kingdom, the Channel Islands and the Isle of Man. Commissions must not be reallocated to any other person. In each case, such financial intermediaries must submit applications bearing their stamps and also the stamps of the selling agent by whom commission will be reallocated, and should also submit to that selling agent the requisite claim forms completed for all applications bearing their stamp. Where an application form has been stamped by a U.K. Clearing Bank claiming distribution commission, no selling commission will be payable.

Selling commissions will not be payable on applications which are, or are believed to be, multiple applications. Criminal proceedings may be instituted if selling commissions or reallowances are knowingly claimed in respect of multiple applications. Those claiming selling commissions or reallowances must adopt adequate procedures to prevent multiple applications being made through them and must keep adequate records of the procedures they operate and of the application forms they distribute or submit. H.M. Government has appointed Touche Ross & Co. to review the procedures adopted and records kept by those claiming commission and, for such purpose, H.M. Government reserves the right for Touche Ross & Co. to be given access to claimants' premises and records and, if H.M. Government sees fit, to carry out an audit of commissions that may be payable. H.M. Government further reserves the right not to pay selling commission to any selling agent whose stamp appears on any application which is or is believed to be a multiple application, or who fails to satisfy Touche Ross & Co. that adequate procedures have been adopted and followed. Commissions payable by H.M. Government will be rounded down to the nearest 50p and will be paid together with VAT on them. No selling commission will be payable by H.M. Government to any person who would otherwise be entitled to a payment of less than £10.

2. Distribution commission

Distribution commissions (plus VAT if applicable) will be payable to U.K. Clearing Banks as defined above on the value of each allocation of Ordinary Shares (calculated on the basis of the Offer for Sale price) resulting from successful applications made on a follow public application forms distributed by them and bearing their stamps and their VAT registration numbers (at the rate of 0.375 per cent. of the Offer for Sale price, subject to a maximum of £375 per application). Distribution commissions will not be payable on applications which are, or are believed to be, multiple applications. Commissions payable by H.M. Government will be rounded down to the nearest 50p and will be paid together with VAT on them. No distribution commission will be payable by H.M. Government to any person who would otherwise be entitled to a payment of less than £10.

1. SUMMARY OF THE INSTALMENT AGREEMENT

1. Introduction

The Ordinary Shares being sold are to be paid for over some 17 months (the "Instalment Period"). To enable purchasers to sell freely without prejudicing the interests of the Secretary of State, an Instalment Agreement dated 21st November, 1986 has been entered into between the Company, National Westminster Bank PLC (the "Custodian Bank") and the Secretary of State to which every purchaser will also be a party. In this Part, a "purchaser" means a person whose application to purchase Ordinary Shares is accepted or in whose favour renunciation of a letter of acceptance is registered (or after 3.00 p.m. on 20th February, 1987 a person (in this Part, a "registered holder") who is registered in the register of interim rights provided for in the Instalment Agreement (in this Part, the "register"). An "interim right" means a purchaser's rights and obligations in relation to an Ordinary Share, a "related share" means the Ordinary Share the subject of an interim right. The Instalment Agreement will prevail if inconsistent with this summary. Copies are available for inspection as stated in paragraph 13 of Part N of this Section and until 20th June, 1988 at the Custodian Bank's office at Cavon House, EC2, Box 343, Rodelille Mead Lane, Bristol BS9 7SQ, from where copies may also be obtained on payment of a reasonable fee. The Instalment Agreement does not apply to Ordinary Shares allocated under the Free Offer or Matching Offer to employees or the Pensioner Free Offer described in paragraph 3 of Part A of Section IX below.

2. Principles of the Instalment Agreement

The Ordinary Shares subject to the Instalment Agreement will be registered in the Custodian Bank's name until fully paid for. Interim rights will initially be evidenced by letters of acceptance, which will be superseded in due course by Interim Certificates issued by the Custodian Bank in accordance with the timetable set out in Part D of Section IX below. Registered holders of interim rights will be registered as the holders of the related shares in accordance with such timetable after all the instalments have been duly paid. The Instalment Agreement is designed, subject to its terms and paragraphs 3 to 14 (inclusive) below to confer and impose on purchasers rights and obligations substantially similar to those conferred and imposed on the Company's shareholders. Only the purchaser of an interim right is entitled to be recognised as the owner of that interim right, and no trust need be recognised, subject to any court order to the contrary and paragraph 11 below.

3. Default in payment

If a purchaser fails to pay when due any instalment of the price for any Ordinary Share, the agreement by the Secretary of State to sell that Ordinary Share may (without prejudice to the Secretary of State's other rights) be avoided and the Ordinary Share sold to someone else. The defaulting purchaser will receive a sum equal to the amount of the instalment(s) previously paid or treated as paid for the related share without interest after deduction of the expenses of sale and any loss sustained by the Secretary of State. If the Secretary of State in his discretion accepts late payment, he may do so on the basis that the purchaser pays default interest as set out in the Instalment Agreement. If any payment is insufficient to satisfy the instalment in respect of an entire holding of interim rights, it will be applied so that the instalment is satisfied in respect of as many interim rights as possible.

4. Cash dividends

Registered holders will receive in respect of their interim rights the benefit of any cash dividend declared by the Company in respect of the related shares. Cash dividends will be sent by cheque or warrant to registered holders (to the address of the first named in the register, in the case of joint holders) at their risk.

5. Capitalisation issues

If there is a capitalisation issue of new shares ranking *pari passu* in all respects with the existing Ordinary Shares, the Secretary of State and the registered holders will be deemed to have agreed to sell and purchase them on the following basis: subject to provisions for dealing with fractional entitlements, the price agreed to be paid for the existing Ordinary Shares will be proportionately distributed over the existing Ordinary Shares and the new shares attributable thereto and the instalments already paid and remaining to be paid will be similarly distributed, so that a registered holder will be obliged to pay no less and no more for his increased holding than for his original holding and the Secretary of State's right to receive further instalments in respect of each share will be proportionately distributed over the increased holding.

6. Rights issues

Registered holders will be able to participate in respect of their interim rights in any rights issue made by the Company substantially to the same extent and effect as if they were the holders of the related shares. The Instalment Agreement contains provisions for determining a price per share below which rights issues may not be made during the Instalment Period without the Secretary of State's agreement.

7. Other distributions and issues

Subject to provisions dealing with fractional entitlements, any securities (other than Ordinary Shares) issued pursuant to a capitalisation issue, and any non-cash distribution made by the Company to the Custodian Bank as the holder of any related shares will normally be retained by the Custodian Bank and transferred by it to the relevant registered holders after the Instalment Period, subject to the registered holder paying any stamp duty or stamp duty reserve tax in connection with such transfer. Registered holders at the time when such an issue or distribution is made to the Custodian Bank may as a result have to satisfy a tax liability before they receive the transfer.

8. Transfers

After the renunciation period, interim rights will be transferable in the same way as fully paid shares. No transfer will be registered without delivery to the Custodian Bank of a duly completed and stamped instrument of transfer supported by the relevant document of title (which may be required in accordance with the timetable set out in Part D of Section IX below) to be duly received as to, or accompanied by payment of, the next instalment and, if so demanded, default interest if late payment is accepted. The Custodian Bank may call for further evidence to prove title or the right to transfer. On registration of renunciation or transfer, the renouncee or transferee becomes the new registered holder of the relevant interim rights and a party to the Instalment Agreement and entitled and subject to the rights and obligations conferred thereby (including the obligation to pay instalments) to the exclusion of any predecessor in title. The person tendering any documents for registration is deemed to warrant his authority to do so as, and/or on behalf of, the renouncee(s) or transferee(s) named thereon. The Instalment Agreement contains further provisions dealing with transfers of interim rights and transmission on death, bankruptcy and mental incapacity and restricting transfers in favour of persons who are not of full capacity or to more than four persons jointly.

9. Meetings

Registered holders (or the first named in the register, in the case of joint holders) will receive notices of meetings of shareholders of the Company and may attend, speak and vote in respect of their related shares to a similar extent and subject to similar restrictions as if they were shareholders. Provision is also made for meetings of registered holders, which may be convened by the Custodian Bank, the Company or the Secretary of State, or if the Custodian Bank receives such funds, indemnity and security as it may require, by registered holders together holding one tenth or more of all the interim rights, and any resolution passed at such a meeting binds all registered holders. A registered holder whose registered address is outside the United Kingdom and who wishes to receive notices of meetings of the Company or of registered holders must give the Custodian Bank an address within the United Kingdom to which they must be sent.

10. Reports, accounts etc.

Registered holders (or the first named in the register, in the case of joint holders) will receive copies of all reports, accounts and circulars which the Company sends to its shareholders generally.

11. Limitation on holdings

The provisions of the Articles of Association which limit the size of shareholdings as described in paragraph 3 of Part C of this Section are applied to interim rights in substantially the same way as they apply to related shares and any disposals required under those provisions will, in so far as they relate to related shares, generally be of interim rights, rather than the related shares. Any registered holder of interim rights by virtue of which any person is or appears to the Directors, or is deemed, to be interested in related shares who does not dispose of those interim rights when required to do so under those provisions and those of the Instalment Agreement may be prevented from receiving the related shares, or exercising voting rights in respect of or transferring those interim rights (otherwise than for the purpose of reducing his interests in accordance with such provisions), and some or all of those interim rights may be sold on his behalf. If interim rights are so sold, the proceeds of sale, without interest and following deduction of the expenses of sale, will be paid to the former registered holder upon surrender to the Custodian Bank of the Interim Certificate(s) in respect of the interim rights so sold.

12. Limitations on duties and liabilities

The Instalment Agreement contains limitations on the liabilities and duties of the Custodian Bank, the Secretary of State and the Company and provisions indemnifying the Custodian Bank and relieving it from responsibility in certain circumstances.

13. Amendments

The Custodian Bank, the Company and the Secretary of State may amend the Instalment Agreement without the consent of the purchasers in order to cure any ambiguity, defect or manifest error or in any manner (including, without limitation, to facilitate dealings or settlements on The Stock Exchange or any other securities market) which would not in their opinion materially prejudice the interests of the purchasers.

14. Taxes etc.

Purchasers may be required to execute or furnish documents in order to comply with tax or other requirements in respect of their interim rights or the related shares. Except as specified in the Instalment Agreement, each purchaser is responsible for all taxes, duties and government charges and expenses which may become payable in respect of his interim rights or the related shares. Therefore, if any of the same are paid or payable in the first instance by the Custodian Bank as holder of the related shares, the purchaser must pay the same to the Custodian Bank upon request. Failure to do so may result in the sale of some or all of the purchaser's interim rights or the related shares.

J. UNITED KINGDOM TAXATION OF DIVIDENDS

When the Company pays a dividend it also accounts to the Inland Revenue for advance corporation tax ("ACT"). The rate of ACT is fixed by reference to the basic rate of income tax and at present equals 29 per cent. of the aggregate of the dividend and of the related ACT.

A holder of an Interim Certificate or Ordinary Share who is resident (for tax purposes) in the United Kingdom and who receives a dividend from the Company will be entitled to a tax credit of an amount equal to the related ACT. A company resident in the United Kingdom will be able to treat any dividend received and the related tax credit as franked investment income. An individual will be taxable upon the total of the dividend received and the tax credit, but the tax credit will discharge his liability to basic rate income tax and if the tax credit exceeds his liability to tax on the dividend he will be able to claim the excess.

Subject to certain exceptions for Commonwealth citizens, citizens of the Republic of Ireland, residents of the Isle of Man or the Channel Islands and certain others, the right of a holder of an Interim Certificate or Ordinary Share who is not resident in the United Kingdom to claim any part of the tax credit will depend upon the existence and terms of any double tax treaty between the United Kingdom and the country in which he is resident. Persons who are not resident in the United Kingdom should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

K. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into within the period of two years immediately preceding the publication of this document and are, or may be, material: the £2,500 million debenture referred to in paragraph 2 of Part B of this Section; the underwriting agreements referred to in Part G of this Section; and the warranties and indemnities agreement referred to in paragraph (e) of Part G of this Section.

L. LITIGATION

British Gas has not been engaged in any litigation or arbitration which may have, or has had within the last twelve months, a significant effect on the financial position (including results of operations) of British Gas and no litigation or claim which may have such an effect is known to the Directors.

M. SUBSIDIARY COMPANIES

Details of the Company's principal subsidiaries, which are all wholly owned, are as follows:

Name of subsidiary	Activity	Share capital (issued and fully paid)
Gas Council (Exploration) Limited	Exploration	£100
Hydrocarbons Great Britain Limited	Exploration	£100
Hydrocarbons Ireland Limited	Exploration	IR £100

Gas Council (Exploration) Limited and Hydrocarbons Great Britain Limited are incorporated in England and Wales and the registered office of each is at Rivermill House, 152 Grosvenor Road, London SW1V 3JL. Hydrocarbons Ireland Limited is incorporated in the Republic of Ireland and its registered office is at Gardiner House, Wilton Place, Dublin 2.

N. MISCELLANEOUS

1. On admission to the Official List, the Ordinary Shares will be "wider-range investments" within the meaning of the Trustee Investments Act 1961.

2. Rating: except with respect to certain premises (such as office premises not situated on operational land and showrooms) which are subject to normal rating, the Company is not liable to be rated in the normal way, but is instead rated in accordance with formulae specified in orders made by virtue of the Local Government Act 1974 and the General Rate Act 1967 (and equivalent Scottish legislation). Rates amounted to 5.8 per cent. of non-gas costs of the gas supply business in the year ended 31st March, 1986 on a CCA basis and 6.6 per cent. on an HCA basis. Following the publication of the Green Paper "Paying for Local Government" in January 1986, the basis of rating all ratepayers, including all statutory undertakers such as British Gas, is to be reviewed although the Government does not expect to implement the outcome before 1990. If such a review were to lead to a substantial increase in the level of rate payments by British Gas there could be an adverse effect on profit unless the price formula under the Authorisation were modified to allow for an increase of this nature.

3. Planning: under the Town and Country Planning General Development Order 1977 (and an equivalent order in Scotland) the Company, as a gas undertaker, is exempt in certain respects from the requirement under the Town and Country Planning Act 1971 (and equivalent Scottish legislation) to obtain planning permission. These respects include the laying of underground mains, pipes or other apparatus and the carrying out of certain other developments.

4. Compulsory purchase: by virtue of the Gas Act the Company, as a Public Gas Supplier, may be authorised by the Secretary of State after consulting the Director General to purchase compulsorily any land or rights over land (other than land or rights held by the Crown). Any such acquisition will be subject to established procedural requirements and provisions for compensation under the Compulsory Purchase Act 1965 and the Acquisition of Land Act 1981 (and equivalent Scottish legislation); and any land or right so acquired may not be disposed of except with the consent of the Director General.

5. Save as disclosed in this Section VII:

(a) no share or loan capital of the Company since its incorporation or of any of its subsidiaries within the three years before the date of the Offer for Sale has been issued or agreed to be issued (except, in the case of subsidiaries, to the Company or the Corporation) or is now proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation or by any of its subsidiaries within those three years, in connection with the issue or sale of any share or loan capital of any of those companies; and

(c) no share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

6. No material issue of shares in the Company (other than to shareholders *pro rata* to their existing shareholdings) will be made within one year of the date of the Offer for Sale without the prior approval of shareholders in general meeting.

7. Under the Gas Act the Secretary of State is required to specify a "target investment limit", which sets a ceiling on the proportion of issued voting shares held by H.M. Treasury and the Secretary of State or their nominees. The Gas Act requires the limit to be set at the level of H.M. Government's shareholding at the time the limit is established, as soon as expedient (and not later than six months) after the sale of shares to the public. The limit may be reduced, but not increased, by further orders.

8. The Directors have been advised that the Company is not expected to be a close company, as defined in the Income and Corporation Taxes Act 1970, immediately following the Offer for Sale.

9. Save as disclosed in Part E of Section I, there has been no significant change in the financial or trading position of British Gas since 31st March, 1986.

10. The expenses of and incidental to the Combined Offer and special arrangements for employees and pensioners described in paragraph 3 of Part A of Section IX to be borne by the Company are estimated to amount to £18 million (exclusive of value added tax). The balance of such expenses (including underwriting commissions and the preliminary expenses of the Company) will be borne by the Secretary of State.

11. N M Rothschild & Sons Limited and Kleinwort Benson Limited have given and have not withdrawn their written consent to the issue of this document with the inclusion of their letter in the form and context in which it is included. Price Waterhouse have given and have not withdrawn their written consent to the issue of this document with the inclusion of their report and with the references thereto and to their name in the form and context in which each is included. ERC has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and the references thereto in the form and context in which each is included. R. Watson & Sons have given and have not withdrawn their written consent to the issue of this document with the references to their name in the form and context in which they are included.

12. Any person (including any natural person, company, government or political sub-division thereof) which becomes the "beneficial owner" (as defined in the United States Securities Exchange Act 1934, as amended) of more than five per cent. of the Ordinary Shares becomes subject, under the terms of that Act, to an obligation to file prescribed reports of beneficial ownership (and reports of changes in such ownership) with the United States Securities and Exchange Commission (the "SEC"), the New York Stock Exchange and the Company on a form prescribed by the SEC. Any person (including any individual, partnership or trustee) or company that becomes the beneficial owner of more than ten per cent. of the Ordinary Shares becomes subject, under the terms of the securities legislation in certain provinces of Canada, to an obligation to file prescribed reports of beneficial ownership (and reports of changes in such ownership) with the Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia securities commissions and with The Toronto Stock Exchange, in a prescribed form.

13. Copies of the following documents may be inspected at the offices of Herbert Smith, Watling House, 35 Cannon Street, London EC4 during usual business hours on any weekday (Saturdays excepted) for a period of fourteen days following the date of the Offer for Sale:

- the Memorandum and Articles of Association of the Company;
- the Gas Act and the relevant statutory instruments, directions and orders thereunder;
- the Authorisation granted to the Company under the Gas Act;
- the statements made pursuant to the Authorisation and the assurances referred to in Sections I and III above;
- the audited accounts of the Corporation for the two years ended 31st March, 1985;
- the accountants' report set out in Section IV above together with the statement setting out the adjustments made in arriving at the figures contained in the report;
- the letters from Price Waterhouse, N M Rothschild & Sons Limited and Kleinwort Benson Limited relating to the profit forecast and set out in Section V above;
- the report of ERC Energy Resource Consultants Limited set out in Section VI above;
- the Directors' service agreements referred to in Part D of this Section;
- the trust deed constituting the Profit-Sharing Scheme and the rules of the Sharesave Scheme referred to in Part E of this Section;
- the Instalment Agreement referred to in Part I of this Section;
- the material contracts referred to in Part K of this Section; and
- the written consents referred to in paragraph 11 of this Part.

SECTION VIII SPECIAL INCENTIVES

A. ELIGIBILITY

If you apply for shares in the Offer for Sale, you may be eligible to receive from H.M. Government, free of charge, EITHER vouchers for use against gas bills from British Gas OR a share bonus. The special incentives are only available if you buy the shares in the Offer for Sale and not if they are bought subsequently.

To be eligible to apply for these special incentives, you must be an individual investing solely for your own benefit (or investing jointly with not more than three other individuals, solely for the benefit of one or more of you). Applications made by individuals on behalf of children may also qualify for the special incentives. Companies, partnerships, firms, trusts, associations and clubs are not eligible for these special incentives but they may apply as nominees for eligible individuals (see paragraph 4 of Part C of this Section). These special incentives are not available under the "Free Offer" or "Matching Offer" or the "Pensioner Free Offer" (all as described in paragraph 3 of Part A of Section IX), or to institutional investors applying under the arrangements described in Part G of Section VII.

B. THE INCENTIVES

1. Bill vouchers

(a) Value and entitlements

For every whole multiple of 100 shares you buy in the Offer for Sale and hold continuously until certain qualifying dates, you can receive £10 worth of vouchers up to a maximum entitlement of £250. The way in which the voucher scheme will work is illustrated in the table below:

Number of shares held continuously	ENTITLEMENT TO VOUCHERS ON THE QUALIFYING DATES						Total
	30th June 1987	31st Dec 1987	30th June 1988	31st Dec 1988	30th June 1989	31st Dec 1989	
100	£10	—	—	—	—	—	£10
200	£20	—	—	—	—	—	£20
300	£30	—	—	—	—	—	£30
400	£40	—	—	—	—	—	£40
500	£40	£10	—	—	—	—	£50
600	£40	£20	—	—	—	—	£60
700	£40	£30	—	—	—	—	£70
800	£40	£40	—	—	—	—	£80
900	£40	£40	£10	—	—	—	£90
1,000	£40	£40	£20	—	—	—	£100
1,500	£40	£40	£40	£30	—	—	£150
2,000	£40	£40	£40	£40	£40	—	£200
2,500	£40	£40	£40	£40	£40	£50	£250
or more							

EXAMPLE: If you receive 500 shares in the Offer for Sale, you will be entitled to a voucher of £40 on 30th June, 1987 and a voucher of £10 on 31st December, 1987, provided you hold the shares until 31st December, 1987. If you only hold the shares until, say, November 1987, you will only be entitled to a voucher of £40.

On each qualifying date you will be entitled to one voucher, worth £10 for every whole multiple of 100 shares bought in the Offer for Sale and held continuously until then, less the value of the vouchers already received. However, the maximum voucher value on any qualifying date will be £40 (£50 on the last qualifying date). The voucher will be posted to you about two weeks after each qualifying date.

(b) Conditions of use

Your vouchers can be used when making any payment due to British Gas, if that payment includes charges for gas supplied (or standing charges) for your use or benefit in your home. A declaration to that effect (on the reverse of the voucher) will have to be signed when you use a voucher.

You may use your vouchers when paying by any current method which continues to be available at the time of payment. If you have a coin-operated meter emptied by British Gas, you will be able to use your vouchers to obtain a refund. If you use a voucher against gas charges which are less than the value of the voucher, you can receive a credit or, in certain limited circumstances, a refund. Details of all these arrangements will be issued with the vouchers.

Your vouchers may be used even if the bill is not issued in your name, provided the gas has been used or supplied, at least in part, for your benefit in your home. In this case you will need the person named on the gas bill to agree to your vouchers being used to pay that bill and, as appropriate, recompense you. If you are a tenant, or are in similar circumstances, and you are not sure that such an arrangement can be made, you may wish to consider the share bonus instead of the vouchers.

Vouchers will be issued in your name and will show your address on the register, if you are investing alone. If you are investing jointly, the vouchers will be issued in joint names, but addressed to the person named first on the register. Vouchers issued to a person acting as a nominee for an individual may only be used by that individual.

If you live in Northern Ireland or any other area not served by British Gas, you may not be able to use vouchers and may wish to consider applying for the share bonus.

All vouchers will cease to be valid for use after 30th September, 1990.

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2. Share bonus

You will be entitled to one additional share for every ten shares which you buy in the Offer for Sale and continue to hold up to and including 31st December, 1989. The maximum number of additional shares you can receive is 500. There will be no right to receive fractions of shares.

The additional shares will be transferred to you as soon as reasonably practicable after 31st December, 1989 (together with all rights attaching to those shares at the date of transfer). Any stamp duty or stamp duty reserve tax on or in respect of the transfer will be met by H.M. Government.

There are special arrangements to enable investors under the Overseas Offerings to obtain an equivalent to the share bonus.

C. FURTHER DETAILS OF THE BILL VOUCHERS AND SHARE BONUS

1. Disposals of shares

If on or before the relevant qualifying date you dispose of any of your shares bought in the Offer for Sale, your entitlement to bill vouchers or the share bonus may be lost or reduced (whether or not you later acquire more shares). In the case of joint investors, a disposal by any of them will be treated as a disposal by all.

A transfer will not result in loss of entitlement if it is made after 20th February, 1987 on a special transfer form provided that the Secretary of State is satisfied that:

- (a) the transfer involves the registration of the shares, following the death of the original owner, in the name of an individual entitled to such shares under such original owner's will or on his intestacy (in which case any vouchers already issued but unused by the original owner may, on application, be reissued in the name of such individual); or
- (b) the transfer will not involve any change in the beneficial ownership of the shares and the beneficial owner is, on registration of the transfer, the sole or joint holder or a person under 18 years of age for whose benefit the transferor held the shares; or
- (c) the shares are transferred by joint holders into the name(s) of one or more individuals of their own number without the addition of any other person(s).

The special transfer forms will be obtainable from National Westminster Bank PLC, Registrar's Department, Caxton House, P.O. Box 343, Redcliffe Mead Lane, Bristol BS99 7SQ.

2. Loss of and changes in entitlement

You will lose all rights to bill vouchers or the share bonus if you make a multiple application or if you apply in breach of the declaration on your application form. You will not receive bill vouchers so long as any instalment due on your shares remains unpaid, and you will lose all rights to bill vouchers or the share bonus if some part of your entitlement to shares is cancelled or proceedings are commenced to recover the instalment. The number of shares which will be taken into account in calculating entitlements to bill vouchers or which will qualify for the share bonus (and the maximum number of bonus shares) will be amended *pro rata* (ignoring fractions) if there is any capitalisation issue or any consolidation or subdivision of the Company's share capital.

3. United Kingdom tax position

Under current law and Inland Revenue practice you will not pay tax on bill vouchers. The value you obtain from your bill vouchers is deducted (for tax purposes) from the amount which you paid for your shares, although this will not matter unless, in the tax year in which you dispose of your shares, your taxable gains (when added to those of your husband or wife) exceed the exempt amount for the year (currently £6,300). You will not pay tax on the share bonus, but you will be treated for tax purposes as if you had paid for it an amount equal to the market value of the shares received on 31st December, 1989. These rules do not, however, apply to dealers in shares.

4. Applications by nominees

Nominees may only apply for bill vouchers or the share bonus on behalf of eligible individuals, and in such cases the nominee must apply jointly on a single application form with no more than three such individuals(s) by entering the nominee's own name in Box 1 on the application form and the name(s) of such individual(s) in Box 7. The nominee should sign Box 5 on the application form. Box 7 should be signed by the individual(s), or by the nominee on behalf of such individual(s), if he is duly authorised to do so, but power(s) of attorney must be enclosed for inspection. A nominee means a person who retains no beneficial interest in the shares nor any right to acquire such an interest from the beneficial owner(s).

5. Definitions

Where the context permits, references to shares in this Section include references to entitlements to Ordinary Shares evidenced by letters of acceptance or Interim Certificates. References to holding Ordinary Shares or Interim Certificates are references to being the beneficial owner of those Ordinary Shares and, as the case may be, being (during the renunciation period) the addressee of the letter of acceptance relating to those Ordinary Shares or being (thereafter) the registered holder thereof in the register of the Custodian Bank or of the Company. Entitlements at any qualifying date will be determined by reference to the relevant register as at 3 p.m. on that date.

SECTION IX

APPLICATIONS AND DEALINGS

A. APPLICATIONS

1. General

Special personalised application forms with full details on how to use them are being sent by the British Gas Share Information Office to those who registered their interest by 14th November, 1986. There are also special arrangements for British Gas employees and pensioners.

Others wishing to apply for shares should complete a public application form, such as the form at the end of this document.

ONLY ONE APPLICATION MAY BE MADE FOR THE BENEFIT OF ANY PERSON. If you make or authorise anyone else to make an application for your benefit under the Offer for Sale on any one of the forms mentioned above, you cannot make or authorise any other such application for your benefit. Criminal proceedings may be instituted against anyone knowingly making or authorising more than one such application for the benefit of any person. Multiple applications or suspected multiple applications are liable to be rejected. Photocopies of application forms will not be accepted in any circumstances.

2. Customer Share Scheme

(a) Eligibility

If you registered as a customer with the British Gas Share Information Office by 14th November, 1986, you will have been sent a green application form which you may use only if:

- (i) you currently use gas from British Gas for your own domestic purposes in your home through its own separately metered gas supply; and
- (ii) your application is the only application made under this Scheme in respect of that supply; and
- (iii) you are an individual investing solely for your own benefit (or investing jointly with not more than three other individuals, solely for the benefit of individuals living in your home).

You do not have to be the person named on the gas bill, provided that you meet all three conditions set out above.

Companies, partnerships, firms, trusts, associations and clubs may not apply under the Customer Share Scheme, unless they are acting as nominees for individuals who would themselves be eligible.

(b) Guarantee and preference

If you are eligible and make a valid application under this Scheme, then, subject to the Terms and Conditions set out in Section X:

- (i) your application will (a) be accepted in full (if you apply for 100 or 200 shares) or (b) be accepted to the extent of at least 200 shares (if you apply for more than 200 shares); and
- (ii) you will be given preference on a basis to be determined when shares are allocated, if heavy demand for shares results in applications being scaled down.

Up to ten per cent. of the shares in the U.K. Public Offer has been reserved to provide applicants under the Customer Share Scheme with greater allocations of shares than they would have received had they applied successfully on public application forms.

3. Special arrangements for employees and pensioners of British Gas

Eligible employees and pensioners of British Gas are being offered the opportunity to apply in accordance with the following special arrangements:

- (a) the "Free Offer", under which each employee of British Gas who is eligible to join the British Gas Employee Profit-Sharing Scheme (by having been in continuous employment with British Gas from 1st May, 1986 until 13th November, 1986 and at any time in that period having been contracted to work sixteen hours or more per week, excluding overtime) will be given by H.M. Government, on application, free of charge, 52 Ordinary Shares plus such number of additional shares as has a value (based on the Offer for Sale price) nearest to £2 for every year of continuous employment completed as at 1st May, 1986;
- (b) the "Matching Offer", under which each such eligible employee may apply at the Offer for Sale price (payable in full on application) for up to 111 shares; for each share so purchased and held under the Profit-Sharing Scheme, H.M. Government will transfer to trustees of the Profit-Sharing Scheme, free of charge, two shares to be held for the benefit of that employee;
- (c) the "Priority/Discount Offer", under which each employee of British Gas may apply for (i) up to 1,481 shares at a discount equal to 10 per cent. of the Offer for Sale price (to be given on the final instalment payable in respect of the number of such shares held continuously by him until the date on which the final instalment is payable); and (ii) up to 18,519 additional shares in priority over public applications, but subject to scaling down as described below;

(d) the "Pensioner Free Offer", under which any person with an address in the United Kingdom who on 13th November, 1986 was in receipt of a pension or pension benefit which he is entitled to be paid pursuant to either the British Gas Staff Pension Scheme or the British Gas Corporation Pension Scheme, and who applies, will be given by H.M. Government, free of charge, 56 shares; and

(e) the "Pensioner Priority Offer", under which any person with an address in the United Kingdom who is eligible for the Pensioner Free Offer or who was on 13th November, 1986 entitled to receive, from a date later than that date, a pension pursuant to either of the pension schemes mentioned above, may apply for up to 18,519 shares in priority over public applications, but subject to scaling down as described below.

All valid applications received in the above offers will be met in full, except for applications under the Priority/Discount Offer and Pensioner Priority Offer which will be scaled down if applications from employees and pensioners in all five of the above offers exceed in aggregate 207,500,000 shares (representing 5 per cent. of the ordinary share capital of the Company, issued and to be issued). Such applications will not be scaled down to a greater extent than applications for the same amount on public application forms, and an application in the Priority/Discount Offer may only be scaled down if it exceeds 1,481 shares and will not be scaled down below that number. All shares acquired by employees free of charge in the Free Offer and the Matching Offer under the Profit-Sharing Scheme must be vested in the trustees of that Scheme and will be subject to the restrictions on dealing described in Part E of Section VII above under "Employee profit-sharing scheme".

4. Non-United Kingdom applicants

No person receiving a copy of this document and/or an application form in any territory other than the United Kingdom, the Channel Islands or the Isle of Man may treat the same as constituting an invitation to him or her, nor should he or she in any event use such application form, unless the relevant territory such an invitation could lawfully be made to him or her without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom, the Channel Islands and the Isle of Man receiving a copy of this document and/or an application form and wishing to make an application hereunder to satisfy himself or herself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any government or other consents or the compliance with other necessary formalities, and to pay any transfer or other taxes requiring to be paid in such territory in respect of the shares acquired by him or her under this Offer for Sale.

No applications will be accepted on the application form below from a U.S. or Canadian person. A "U.S. or Canadian person" means any individual who is a citizen or resident of the United States of America (including the states and the District of Columbia) or Canada, or their territories or possessions or other areas subject to their jurisdiction (the "United States" and "Canada" respectively) or any corporation, partnership or other entity created or organised in or under the laws of the United States or Canada and any estate or trust the income of which is subject to United States or Canadian federal income taxation regardless of its source and shall include any United States or Canadian branch of a non-U.S. or non-Canadian person.

B. PAYMENT

The right is reserved to present for payment all cheques or bankers' drafts received but this will be avoided as far as practicable in respect of applications for which it is not expected to make an allocation, unless they are, or are suspected to be, multiple applications. All cheques must be honoured on first presentation.

Your attention is drawn to the arrangements for payment by instalments, until the final instalment is paid you will, so long as you hold an entitlement to shares, be bound by the terms of, and be party to, the Instalment Agreement. If you sell your shares, the purchaser will become liable for any further instalments due (once the transfer has been registered). You will be sent reminders in advance of the dates when the second and third instalments become payable. At the time the reminder is sent for the second instalment (due by 9th June, 1987), you will also be sent an Interim Certificate to replace the temporary document of title (a letter of acceptance) despatched following the Offer for Sale. After you have paid your final instalment (due by 19th April, 1988) you will be sent your final share certificate.

Instalment reminders will be sent to your address on the register. You should therefore promptly notify any change of address, following the instructions set out on the letters of acceptance and on the Interim Certificates. It will not be sufficient to have notified British Gas for gas supply purposes.

C. ALLOCATIONS

The basis of allocation of the shares is expected to be announced by Monday, 8th December, 1986. If you are successful, in whole or in part, you will be sent a letter of acceptance for the shares allocated to you. If there is very heavy demand for the shares, you may receive fewer shares than you apply for or, in some cases, none at all. If your application is not accepted, all money paid on application will be returned (without interest). If your application is accepted in part, you will receive (without interest) a refund cheque for the balance of the money paid on application.

The right is reserved to reject, in whole or in part, any application. In particular, any application which (alone or when taken in conjunction with any other application made by or on behalf of the same applicant or by or on behalf of a person who the Secretary of State has reasonable grounds for believing (i) is associated with that applicant, or (ii) would, if that applicant held any Ordinary Shares, be or be taken to be interested in such Ordinary Shares for the purpose of the Articles of Association) is for more than 415,000,000 Ordinary Shares (ten per cent. of the issued ordinary share capital of the Company following the Offer for Sale) will be rejected to the extent that it exceeds that number. It may also be scaled down thereafter.

D. TIMETABLE

It is expected that dealings on The Stock Exchange will commence at 2.30 p.m. on 8th December, 1986. It is expected that renounceable letters of acceptance will be sent to applicants allocated shares under the Offer for Sale on 15th December, 1986 and that initial dealings will be for deferred settlement on 18th December, 1986. Dealing instructions will be set out in the letter of acceptance; applicants who deal before receipt of a letter of acceptance will do so at their own risk.

The expected timetable of initial dealing and settlement arrangements on The Stock Exchange is as follows:

2.30 p.m. on 8th December, 1986	Dealings commence.
15th December, 1986	Letters of acceptance posted.
18th December, 1986	Deferred settlement commences.
3.00 p.m. on 18th February, 1987	Latest time for splitting of letters of acceptance.
3.00 p.m. on 20th February, 1987	Latest time for registration of renunciation of letters of acceptance; after this time, entitlements to shares will be transferable by delivery of a completed instrument of transfer, together with the original letter of acceptance, a renounced letter of acceptance which has been received by the receiving bank or an initial Interim Certificate.
24th April, 1987	Last day for dealing in letters of acceptance and initial Interim Certificates; after this date, settlement of bargains will be by delivery of a combined Interim Certificate and call notice to pay the second instalment.
28th April, 1987	Record date for despatch of combined Interim Certificate and call notice to pay the second instalment.
11th May, 1987	Despatch of combined Interim Certificates and call notices to pay the second instalment.
29th May, 1987	Last day of dealing first instalment paid; after this date, dealing will be on the basis that the second instalment has been paid and settlement of bargains will be by delivery of Interim Certificates received by the receiving bank for the second instalment.
3.00 p.m. on 9th June, 1987	Latest time for payment of second instalment.
16th June, 1987	Despatch of last Interim Certificates received by the receiving banks for the second instalment.

It is expected that dealings on The Stock Exchange will continue on this basis until shortly before 8th March, 1988 which is expected to be the record date for the despatch of combined Interim Certificates and call notices to pay the final instalment. Further details relating to dealing arrangements over this period until the final instalment, due not later than 3.00 p.m. on 19th April, 1988, will be contained in the Interim Certificates and call notices for the second instalment, which are expected to be despatched on or soon after 11th May, 1987.

After the record date for despatch of call notices for each instalment, transfers which are not in favour of a Stock Exchange Nominee as defined in the Instalment Agreement will not be accepted for registration unless accompanied by a combined Interim Certificate and call notice for the relevant instalment either duly receipted as to payment of such instalment or accompanied by payment of it and, if demanded, default interest if late payment is accepted.

It is expected that final share certificates will be despatched to shareholders approximately eight weeks after 19th April, 1988, the final instalment date.

E. SPECIAL DEALING ARRANGEMENTS

The brokers to the Offer for Sale and Regional Co-ordinators listed below will effect sales and purchases of entitlements to Ordinary Shares at not more than the following rates of commission on instructions given at any of their offices before 31st December, 1988:

SALES		PURCHASES	
Value	Commission	Value	Commission
£150 or below	£3	£350 or below	£5
£151 to £350	£5	£351 to £500	£10
£351 to £500	£7		

plus value added tax and, on purchases, stamp duty or stamp duty reserve tax. Dealings in larger amounts will not be subject to these special arrangements.

BROKERS TO THE OFFER FOR SALE

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. Tel: 01-606 1768	James Capel & Co., James Capel House, 6 Bevis Marks, London EC3A 7JQ. Tel: 01-929 3251
Hoare Govett Limited, Heron House, 319-325 High Holborn, London WC1V 7PB. Tel: 01-342 3060	Wood Mackenzie & Co. Ltd., 100 Wood Street, London EC2Y 5BP. Tel: 031-243 4336

REGIONAL CO-ORDINATORS

ABERDEEN Parsons & Co. Limited, 25 Albyn Place, Aberdeen AB1 1YL. Tel: (0224) 589345	GLASGOW Penney Easton & Co. Limited, P.O. Box 112, 24 George Square, Glasgow G2 1EB. Tel: 041-248 2911	MANCHESTER Henry Cooke Lumsden Ltd., P.O. Box 369, 1 King Street, Manchester M60 3AH. Tel: 061-834 2332
BELFAST Wm. F. Coates & Co., Northern Bank House, 8-9 Donegal Square North, Belfast BT1 5LX. Tel: (0232) 323456	LEEDS Stancliffe Limited, Town Centre House, The Merion Centre, Leeds LS2 8NA. Tel: (0532) 420303	MIDDLESBROUGH Stancliffe Limited, P.O. Box 84, City House, 206-208 Marton Road, Middlesbrough, Cleveland TS4 2JE. Tel: (06421) 249211
BIRMINGHAM Albert E. Sharp & Co., Edmund House, 12 Newhall Street, Birmingham B3 3ER. Tel: 021-200 1141	LIVERPOOL Charterhouse Tilney, 385 Sefton House, Exchange Buildings, Liverpool L2 3RT. Tel: 051-236 6000	NEWCASTLE Wise Speke & Co., Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ. Tel: 091-261 1266
SMITH KEEN CURLER LIMITED Exchange Buildings, Stephenson Place, Birmingham B2 4NN. Tel: 021-643 9977	LONDON AND THE SOUTH EAST Barclays de Zoete Wedd Securities Limited, P.O. Box 439, Seal House, 1 Swan Lane, London EC4R 3UD. Tel: 01-623 6789	NORWICH Margets & Addenbrooke, St Cuthbert's House, 7 Upper King Street, Norwich NR3 1RB. Tel: (0603) 632904
BRISTOL Stock Beech & Co. Ltd., Bristol & West Building, Broad Quay, Bristol BS1 4DD. Tel: (0272) 20051	PLYMOUTH Weslake & Co. (Stockbrokers) Limited, Princess House, Eastlake Walk, Plymouth PL1 1HG. Tel: (0752) 220971	WINCHESTER Cobbold Roach & Co., Calpe House, St Thomas Street, Winchester SO23 8BJ. Tel: (0962) 52362

BANKS

In addition, Bank of Scotland, Barclays Bank PLC, Lloyds Bank Plc, Midland Bank plc, National Westminster Bank PLC and Ulster Bank Limited have confirmed that, until 20th February, 1987, the same dealing arrangements will apply to sales and purchases of letters of acceptance on normal trade terms arranged through their U.K. bank branches. Until 6th February, 1987 National Westminster Bank PLC will also be offering a service for buying and selling British Gas shares (subject to a maximum of 5,000 shares per transaction) for immediate settlement through approximately 250 selected branches in major locations.

F. UNITED KINGDOM STAMP DUTY AND STAMP DUTY RESERVE TAX

The Inland Revenue has confirmed that under existing law:

- (a) although acceptance of applications under the Offer for Sale will give rise to stamp duty reserve tax or stamp duty the Secretary of State has agreed, save as indicated in paragraph 3 below, to pay this and purchasers need take no action;
 - (b) an agreement to sell shares, letters of acceptance or Interim Certificates will give rise to a charge to stamp duty or stamp duty reserve tax at 50p per £100 (or part) of the price payable under the sale. Such stamp duty reserve tax is the liability of the purchaser and stamp duty is also usually paid by him. Where the purchase is effected through a member of The Stock Exchange or a qualified dealer, the Stock Exchange member or qualified dealer concerned will generally collect the stamp duty reserve tax or stamp duty; and
 - (c) no stamp duty or stamp duty reserve tax is otherwise payable on the issue of renounceable letters of acceptance or Interim Certificates or on the registration of renunciation of letters of acceptance.
2. Under the Instalment Agreement, the Secretary of State has agreed to pay (subject to paragraph 3 below) all stamp duty and stamp duty reserve tax on the transfer of Ordinary Shares or entitlements to Ordinary Shares to the Custodian Bank and the transfer of Ordinary Shares by the Custodian Bank to persons entitled to them under the Instalment Agreement.
3. Special rules apply to members of The Stock Exchange. Persons connected with depositary receipt arrangements and clearance services are also subject to special rules and must themselves account for all stamp duty reserve tax on acceptance of their applications. The Inland Revenue has stated that agreements to transfer shares, letters of acceptance or Interim Certificates to charities will not give rise to stamp duty or stamp duty reserve tax.



SECTION X
TERMS AND CONDITIONS

1. Acceptance of applications will be conditional on (i) the Ordinary Shares, issued and to be issued, being admitted to the Official List of The Stock Exchange not later than 31st December, 1986, and (ii) the provisions relating to termination of the U.K. Underwriting Agreement referred to in Part C of Section VII of the full Prospectus dated 21st November, 1986 comprising the listing particulars relating to British Gas plc (the "Prospectus") not being implemented. Application money will be returned (without interest) if either of these conditions is not satisfied and, in the meantime, if presented for payment, will be kept by a receiving bank in a separate account. Rights are reserved for the Secretary of State and his agents to present for payment and otherwise process all cheques and bankers' drafts received and to have full access to all information relating to, or deriving from, such cheques, bankers' drafts and the processing thereof. The right is also reserved to treat as valid any application not in all respects completed in accordance with the instructions accompanying the relevant application form.
2. Acceptance of an application by an eligible investor who has elected for the share bonus or the bill vouchers will entitle that investor to the share bonus or bill vouchers (as the case may be) on the terms, and subject to the conditions, set out in Section VIII of the Prospectus.
3. A valid application made by or on behalf of a person who is eligible for the Customer Share Scheme on a green customer application form delivered to that person by or on behalf of the British Gas Share Information Office will, subject to these terms and conditions, be accepted to the extent described in paragraph 2(b) of Part A of Section IX of the Prospectus.
4. By completing and delivering an application form, you:
 - (a) offer to purchase from the Secretary of State the number of Ordinary Shares specified in your application form (or such smaller number for which the application is accepted) on the terms of, and subject to the conditions set out in the Prospectus and the Instalment Agreement (and, in due course, subject to the Memorandum and Articles of Association of the Company) and agree to become a party to and be bound by all relevant provisions of the Instalment Agreement;
 - (b) as a collateral contract between you and the Secretary of State which will become binding on despatch to or receipt by a receiving bank of your application and in consideration of the Secretary of State agreeing that he will not, prior to 1st January, 1987 offer any of the Ordinary Shares to any person other than by means of one of the procedures referred to in the Prospectus:
 - (i) agree that your application cannot be revoked prior to 1st January, 1987; and
 - (ii) warrant that your remittance will be honoured on first presentation and agree that any letter of acceptance and any moneys returnable may be held pending clearance of your payment;
 - (c) (if you complete a box to apply for bill vouchers or the share bonus) thereby:
 - (i) warrant that you are eligible to do so in accordance with the provisions set out in Part A of Section VIII of the Prospectus;
 - (ii) agree that, if you elect for bill vouchers, you will comply with the conditions of use thereof set out in paragraph 1(b) of Part B of Section VIII of the Prospectus; and
 - (iii) agree that, if you complete both boxes, you will be deemed to have elected for the share bonus only;

TERMS AND CONDITIONS, continued—

- (d) (if you make an application under the Customer Share Scheme) thereby warrant that:
 - (i) you, or if you are a nominee, all persons for whose benefit the application is made, are eligible for the Customer Share Scheme in accordance with the provisions set out in paragraph 2(a) of Part A of Section IX of the Prospectus; and
 - (ii) so far as you are aware, no other application has been made under the Customer Share Scheme in respect of the same separately metered gas supply as that in respect of which your application is made;
- (e) declare that you are not a U.S. or Canadian person and you are not applying on behalf of any such person, "U.S. or Canadian person" having the meaning set out in paragraph 4 of Part A of Section IX of the Prospectus;
- (f) agree that all applications, acceptances of applications and contracts resulting therefrom under this Offer for Sale shall be governed by and construed in accordance with the laws of England;
- (g) warrant that:
 - (i) (if this application is made for your own benefit) no other application is being made for your benefit by you or by anyone applying as your agent or, so far as you are aware, by any other person;
 - (ii) (if the application is made by you as agent for or for the benefit of another person) no other application for the benefit of that person is being made by you or, so far as you are aware, by that person or by any other person; and
 - (iii) if you sign the application form as agent for someone else, you have due authority to do so on behalf of that other person;
- (h) agree that, in respect of those Ordinary Shares for which your application has been received and processed and is not rejected, acceptance of your application shall be constituted, at the election of the Secretary of State, either (i) by notification to The Stock Exchange of the basis of allocation (in which case such acceptance shall be on that basis) or (ii) by notification of acceptance thereof to the relevant receiving bank;
- (i) authorise the relevant receiving bank and the Custodian Bank to send a letter of acceptance for the number of Ordinary Shares for which your application is accepted and/or a cheque for any money returnable by post at your risk to the address of the person (or the first-named person) named in the application form and to procure that your name (and the name(s) of any other joint applicant(s)) is placed on the register of holders of interim rights in respect of such Ordinary Shares the entitlement to which has not been effectively renounced and thereafter to procure that your name (and the name(s) of any other joint applicant(s)) is placed on the register of members of the Company in respect of such Ordinary Shares the entitlement to which is evidenced by Interim Certificates and the right to which has not been effectively renounced; and in these terms and conditions references to rights being effectively renounced mean the renouncee(s) being registered by a receiving bank in relation to such rights;
- (j) agree that all documents in connection with the share bonus or bill voucher arrangements may be sent by post at your risk to the person (or, in the case of joint applicants, the first person) named in the application form to his or her address set out therein or such other address as may from time to time appear in the register of holders of interim rights or the register of members of the Company against the name of such person;
- (k) agree that time of payment by you shall be of the essence of each contract constituted by acceptance of your application and undertake to pay the second instalment by, and for value not later than, 3 p.m. on 9th June, 1987 and the final instalment by, and for value not later than, 3 p.m. on 19th April, 1988 for the Ordinary Shares in respect of which your application is accepted and the right to which has not been effectively renounced or transferred in accordance with the Instalment Agreement by you prior to the relevant time and date;
- (l) agree that, without prejudice to any other rights to which you may be entitled, you will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application; and
- (m) confirm that, in making your application, you are not relying on any information or representation in relation to British Gas or the Offer for Sale other than information and representations contained in the Prospectus or in the mini prospectus published in connection with the Offer for Sale taken together with the Prospectus (the "prospectuses") and accordingly you agree that no person responsible for the prospectuses shall have any liability for any such information or representation other than as aforesaid.

21st November, 1986

INSTRUCTIONS FOR RETURN OF YOUR APPLICATION FORM

SEND YOUR COMPLETED APPLICATION FORM BY POST (OR DELIVER IT BY HAND) TO ARRIVE NOT LATER THAN 10.00 A.M. ON WEDNESDAY, 3RD DECEMBER, 1986 at the appropriate address immediately below according to the first letter of your surname (or corporate name) inserted in Box 1.

- A to Cg** Bank of Scotland
New Issues Department,
Apex House,
9 Haddington Place,
Edinburgh EH7 4AL
or, by hand only, to
38 Thracadcedle Street,
London EC2.
- Ch to F** Barclays Bank PLC
New Issues,
P.O. Box 123,
Fleetway House,
25 Farringdon Street,
London EC4A 4HD.
- G to J** Lloyds Bank Plc
Registrar's Department,
Goring-by-Sea, Worthing,
West Sussex BN12 6DA
or, by hand only, to
Registrar's Department,
Issue Section,
11 Bishopsgate,
London EC2.
- K to M** Midland Bank plc
Stock Exchange Services
Department,
Mariner House,
Pepys Street,
London EC3N 4DA.
- N to Sj** National Westminster
Bank PLC
New Issues Department,
P.O. Box 79,
2 Princes Street,
London EC2P 2BD.
- Sk to Z** The Royal Bank of
Scotland plc
Registrar's Department,
P.O. Box 435,
8 Bankhead Crossway North,
Edinburgh EH11 4BR
or, by hand only, to
New Issues Department,
24 Lombard Street,
London EC3.

USE FIRST CLASS POST AND ALLOW AT LEAST TWO DAYS FOR DELIVERY

OR TAKE IT BY HAND TO ARRIVE BEFORE CLOSE OF BUSINESS ON TUESDAY, 2ND DECEMBER, 1986 at any U.K. branch of National Westminster Bank PLC, Bank of Scotland, or Ulster Bank Limited.

ADDITIONAL RECEIVING CENTRES (open for deliveries by hand until 10.00 a.m. on Wednesday, 3rd December, 1986):

- Aberdeen**
The Royal Bank of Scotland plc,
40 Albyn Place, Aberdeen.
- Belfast**
Ulster Bank Limited,
Investment Div.,
88-90 High Street, Belfast.
- Birmingham**
National Westminster Bank PLC,
103 Colmore Row,
Birmingham.
- Brighton**
Lloyds Bank Plc,
17-173 North Street,
Brighton.
- Bristol**
National Westminster Bank PLC,
32 Corn Street, Bristol.
- Cambridge**
Lloyds Bank Plc,
3 Sidney Street,
Cambridge.
- Cardiff**
National Westminster Bank PLC,
117 St. Mary Street,
Cardiff.
- Channel Islands**
Lloyds Bank Plc,
9 Broad Street,
St. Helier, Jersey.
- National Westminster Bank PLC**
35 High Street,
St. Peter Port,
Guernsey.
- Dundee**
Bank of Scotland,
11-19 Reform Street, Dundee.
- Edinburgh**
The Royal Bank of Scotland plc,
34 Fettes Row, Edinburgh.
- Glasgow**
Bank of Scotland,
110 St. Vincent Street,
Glasgow.
- The Royal Bank of Scotland plc**
98 Buchanan Street,
Glasgow.
- Inverness**
Bank of Scotland,
9 High Street, Inverness.
- Leeds**
Barclays Bank PLC,
28 Park Row, Leeds.
- Liverpool**
Barclays Bank PLC,
4 Water Street,
Liverpool.
- Manchester**
National Westminster Bank PLC,
55 King Street,
Manchester.
- Newcastle upon Tyne**
Barclays Bank PLC,
Collingwood Street,
Newcastle upon Tyne.
- Northampton**
Midland Bank plc,
3 Wood Hill,
Northampton.
- Norwich**
Barclays Bank PLC,
Bank Plain, Norwich.
- Nottingham**
Barclays Bank PLC,
Old Market Square,
Nottingham.
- Oxford**
Midland Bank plc,
65 Cornmarket Street,
Oxford.
- Plymouth**
Midland Bank plc,
4 Old Town Street,
Plymouth.
- Sheffield**
Midland Bank plc,
Market Place,
Sheffield.
- Shrewsbury**
Midland Bank plc,
33 High Street,
Shrewsbury.
- Southampton**
Lloyds Bank Plc,
19-21 High Street,
Southampton.

GUIDE ON HOW TO COMPLETE THE PUBLIC APPLICATION FORM

If you wish to apply under the Customer Share Scheme, you must complete the GREEN FORM sent to you by the British Gas Share Information Office. Or, if you have received a personalised ORANGE FORM, you should complete that form. Otherwise, please use the APPLICATION FORM below. REMEMBER THAT ONLY ONE APPLICATION MAY BE MADE FOR THE BENEFIT OF ANY PERSON.

Put in Box 1 your full name and address (please use block capitals).

Applications must not be made by anyone under 18, but a parent, grandparent or guardian of a child under 18 may apply for the benefit of that child. To do this, you should put your own name in Box 1, and after your surname write "A/C" followed by the full names of the child. You are not thereby precluded from making a single application for your own benefit.

If you wish to apply jointly with another adult, see Note 7.

Put in Box 2 (in figures) the number of shares for which you are applying. You may only apply for one of the numbers of shares set out below. Applications for any other number of shares will be rejected.

Number of shares you are applying for	Amount you pay now (50p per share)	Your total investment (135p per share)
100	£50	£135
200	£100	£270
300	£150	£405
400	£200	£540
500	£250	£675
600	£300	£810
700	£350	£945
800	£400	£1,080
900	£450	£1,215
1,000	£500	£1,350
1,500	£750	£2,025
2,000	£1,000	£2,700
2,500	£1,250	£3,375
3,000	£1,500	£4,050
3,500	£1,750	£4,725
4,000	£2,000	£5,400
4,500	£2,250	£6,075
5,000	£2,500	£6,750

Above 5,000 shares, applications must be in the following denominations:

Applications	Multiples of
5,000 to 10,000 shares	1,000 shares
10,000 to 50,000 shares	5,000 shares
50,000 to 100,000 shares	10,000 shares
over 100,000 shares	50,000 shares

Using the middle column of the table above, put in Box 3 (in figures) the amount you pay now.

Payment is in three instalments. The second instalment of 45p per share is payable by 3 p.m. on 9th June, 1987 and the final instalment of 40p per share by 3 p.m. on 19th April, 1988. You will be sent a reminder about the second and final instalments before they become due.

For bill vouchers, put "YES" in Box A. For the share bonus, put "YES" in Box B. COMPLETE ONE BOX ONLY.

If you complete both boxes you will be deemed to have applied for the share bonus only. If you do not complete either box you will not receive bill vouchers or the share bonus. Before making your choice, you should read the details of the special incentives set out in Section VIII of the Prospectus (including, if necessary, the arrangements for nominees' applications on behalf of others). Once the application form is submitted your choice may not be changed.

Sign and date the form in Box 5.

The application form may be signed by someone else on your behalf if he is duly authorised to do so, but he must enclose his power of attorney.

A corporation must sign under the hand of a duly authorised official, whose representative capacity must be stated.

WARNING

Only one application may be made for the benefit of any person. Criminal proceedings may be instituted against anyone knowingly making or authorising more than one application for the benefit of any person.

Put in Box 6 a cheque or bankers' draft for the exact amount you have entered in Box 3. Your cheque or bankers' draft must be made payable to "British Gas Share Offer". Please ensure that it is crossed and write on it "Not Negotiable".

Your payment must relate solely to this application. No receipt will be issued. Your cheque or bankers' draft must be drawn in sterling on an account at a bank or branch in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner. If you do not have a cheque account, you can obtain a cheque from your building society or a bank branch.

An application may be accompanied by a cheque drawn by someone other than the applicant(s), but any moneys returned will be sent by cheque crossed "Not Negotiable A/C Payee Only" in favour of the applicant(s).

JOINT APPLICANTS

You may apply jointly with up to three other people, provided each applicant is aged 18 or over. They should complete and sign Box 7. Power(s) of attorney must be enclosed if anyone is signing on behalf of any joint applicant(s).

You must return your completed application form, together with your cheque for the first instalment, so as to arrive by 10 a.m. on Wednesday, 3rd December, 1986.

British Gas plc PUBLIC APPLICATION FORM

To The Secretary of State for Energy · National Westminster Bank PLC
N M Rothschild & Sons Limited · British Gas plc

Before completing this form, please read carefully the accompanying guide.

PLEASE USE BLOCK CAPITALS

Mr, Mrs, Miss or title	Forename(s) (in full)
Surname	
Address	
Post code	

I/We offer to purchase

Ordinary Shares

in British Gas plc on and subject to the Terms and Conditions set out in the Prospectus comprising the Listing Particulars dated 21st November, 1986

and I/we attach a cheque or bankers' draft for the amount now payable of

£

I/We wish to receive

Bill vouchers

Share bonus

PLEASE WRITE "YES" IN ONE BOX ONLY

I declare that to my knowledge this is the only application made for my benefit (or that of the person(s) for whose benefit I am applying).

Date	Signature
1986	

Pin here your cheque/bankers' draft for the amount in Box 3, payable to "British Gas Share Offer" and crossed "Not Negotiable".

JOINT APPLICANTS

The first applicant should sign Box 5. Using BLOCK CAPITALS, insert below the names of the other joint applicants, who must sign in the right hand column.

I/We join in this application and give the declaration set out above.

Mr, Mrs, Miss or title	Forename(s) (in full)	Surname	Signature
2nd joint applicant			
3rd joint applicant			
4th joint applicant			

FOR OFFICIAL USE ONLY

Those claiming commission or reimbursement of commission should stamp both boxes applicable to them.

Stamp of person claiming commission and VAT reg. no.	Stamp of other intermediary claiming reimbursement of commission and VAT reg. no.	Stamp of person claiming commission and VAT reg. no.	Stamp of other intermediary claiming reimbursement of commission and VAT reg. no.
(If not registered for VAT, put "none")	(If not registered for VAT, put "none")	(If not registered for VAT, put "none")	(If not registered for VAT, put "none")
Acceptance no.	Shares accepted	Acceptance no.	Shares accepted
Commissions calculated		Commissions calculated	

سكنا من الامل

David Hands, Rugby Correspondent, examines a historic conflict

The game of Union versus League

Discretion is a virtue which should not be confused with dishonesty - or, as the current vogue has it, economy with the truth. It might, for instance, have been better if members of Bath, the John Player Special Cup holders, had refrained from telling the world about visits made by one of their club coaches to watch Rugby League sides training, if only to cushion their players from the consequent flak.

Senior members of England's most successful club, International Board rulings on amateurism do not prevent this. The relevant paragraph states: "No person who is or has been associated in any active capacity with a non-amateur rugby club or a non-amateur rugby organisation shall participate in, or assist in, the playing, coaching, organising, controlling or administering of the game."

Ireland to package provincial fixtures

The format of the Irish inter-provincial championship is likely to undergo a change next season. The Irish Rugby Football Union is studying proposals suggesting the championship should be played on three successive Saturdays in November and leave October free for league fixtures on at least three weekends.

Divisional selectors wrestle with injury problems

London division will announce this morning their team to play in the first round of the Thora EMI divisional championship against the Midlands at Warrs on December 6. Their selectors met last night, as did those of the south-west, and the latter - particularly in the light of Mike Teague's withdrawal from contention - may wait until after this weekend before confirming the team to play the north at Waterloo.

Sole worry for Anglo-Scots

Eight members of London Scottish are included in the Anglo-Scots side who meet Scottish North and Midlands at Richmond on Saturday in the second round of the Scottish McEwan Inter-District Championship (David Hands writes). The first district game is tomorrow evening, when Edinburgh play Glasgow at Metherell.

Teague out of South West team

Mike Teague, the Gloucester and former England No 8, yesterday pulled out of the South West divisional squad after claiming he had been "treated like dirt".



Slims final brings a fat purse for the world champion

Martina Navratilova goes into a six-week winter recess following her 7-6, 6-3, 6-2 victory over Steffi Graf in the final of the Virginia Slims Championships, knowing that she is \$1.3million richer than one year ago.

More support for district championship

Scotland's inter-district championship has a new thrust and importance with yesterday's announcement that the competition will be sponsored for the first time (Ian MacLachlan writes). Scottish Brewers, showing their support of the McEwan's national league, are to back the regional tournament which is seen by Robin Charter, the convenor of the Scottish selection panel, as ideal preparation for international matches.

SCHOOLS RUGBY RESULTS

Table listing school rugby results including Bedford 11, Rugby 10, Bedford Modern 21, etc.

AMERICAN FOOTBALL

Table listing American football results including Minnesota Vikings 20, Cleveland Browns 37, Pittsburgh Steelers 31, etc.

Home blend assists Racers

A common criticism of the sport's present revival is that most clubs rely on too few players. The imports (limited to three per club) are given too much ice time and this restricts the development of home-bred players. Certainly, success is hard to come by without three top-class imports but strength in depth is also an essential ingredient.

TODAY'S FIXTURES

Table listing today's fixtures for football, rugby, and other sports.

FOOTBALL

Table listing football fixtures and results.

Why 'Dirty Harry' is cleaning up

By Robert Kirley. Clint Eastwood, in the daunting guise of 'Dirty Harry', surprised that a man's gotta know his limitations. Clint Eastwood, in the daunting guise of 'Dirty Harry', surprised that a man's gotta know his limitations.

ICE HOCKEY

Table listing ice hockey fixtures and results.

WOMEN'S HOCKEY

Table listing women's hockey fixtures and results.

Crowe suspended

The Torquay United defender Mark Crowe, aged 21, has been suspended for a fortnight and fined two weeks' wages by the Football Association after failing to return from his grandmother's funeral to time for Saturday's home match against Hereford United.

OTHER SPORT

ICE SKATING: Tony Blair senior secured a 1-0 victory over the Americans in the final of the World Cup in Lake Placid, New York.

NATIONAL CONFERENCE

Table listing national conference fixtures and results.

Lancashire achieve clean sweep

Three goals scored by Margaret Souvay gave Lancashire, who won the national county championship two years ago, a 4-0 win over Yorkshire in the last day of the North county championship on Sunday. Lancashire had a clean sweep in the South championship, after drawing 1-1 with Buckinghamshire earlier in their tournament and losing 3-2 to Middlesex, the holders and this year's runners-up, last Saturday.

CRICKET: BORDER GIVEN LITTLE ROOM FOR MANOEUVRE

Demand for change has cut no ice with the Australian selectors

From John Woodcock, Cricket Correspondent, Perth
When choosing their 12 players for the second Test match, starting here on Friday, the Australian selectors resolutely resisted the advice that was being showered upon them. It had been suggested they bring in Whitney or Gilbert, if not both, who bowled New South Wales to victory over England at the weekend, or to recall McDermott, Hookes or O'Donnell.

To fact the only change they have made from the side that lost in Brisbane is to leave out Hughes, who took most wickets for them there (five for 162). In his place comes Peter Sleep, a leg-spinning all-rounder from South Australia, whose 17 wickets in the last Australian season cost him 55 runs apiece.

Haynes defies fiery Imran

From Richard Streeton, Karachi
A devastating spell of fast bowling by Imran Khan dented the third and final Test match between Pakistan and West Indies ending their final day today with both teams holding a chance of victory. Imran took the last five West Indies wickets in 23 balls at a cost of 10 runs apiece.

FOOTBALL: IRISHMAN'S COMMENTS MAY HAVE ENDANGERED HIS POSITION ON FIFA

Britain are united against Cavan on issue of unity



Finishing touch: Hateley rounds off his solo effort for Milan

Players to pronounce on Dennis

By Clive White
Mark Dennis, the Southampton full back, will have been judged twice in the space of a few days by his fellow players when he goes before the Professional Footballers' Association's management committee at the weekend.

Speedie in line for Chelsea recall

David Speedie, who has been left out of the Chelsea first team for the last nine games after asking for a transfer, may be recalled for tonight's third-round Football League Cup tie at West Ham United. The Scottish international forward has been included in a squad of 14, as pressure mounts on the Chelsea manager, John Hollins.

League and FA to meet

A revised football committee is to make its debut this afternoon (Stuart Jones writes). Two teams of four, representing the Football Association and the Football League, will assemble at Lancaster Gate and the outcome of their discussions is expected to be regarded as little more than a scoreless draw.

Another Stein

Edwin Stein, the brother of the Luton Town forward, Brian and Mark, is included in a squad of 17 for a representative match between an FA XI and a Vauxhall-Opel League side at the Metropolitan Police FC on December 3.

Punishment for Brighton

The Brighton manager, Alan Mullery, will field his entire first team against Exeter City in a Sussex Senior Cup tie on Saturday when Mullery is left losing 2-0 to Cup to the lowly Blackburn, on Saturday.

Britain's search for young talent

By Sydney Friskin
He added that he did not know what factors—such as age, availability, injury and loss of form—might affect the 16 players who made up the bronze medal winning team at Los Angeles. Describing Argentina and South Korea as the best of the new, emerging nations, he drew attention to South Korea's fitness, acceleration and natural aptitude for the game.

FOSTER TO GO IN AT THE DEEP END

By Roy Moor
The aim of the Federation is to make the winter season more appealing and competitive and it was announced yesterday that the beginning of January a selected British squad will be flown to Florida for 10 days training at sunny Mission Bay to prepare for a range of events on the Continent.

Lloyd back in US

Nigel Lloyd, the American basketball player, who filled in as a temporary replacement for Will Brown of Sharpshooters United, has returned to the United States now that his compatriot has recovered from a broken jaw. Lloyd is attempting to make the grade with Cincinnati in the CBA.

England pair up for grabs

AC Milan have decided to release their England international Mark Hateley and Ray Wilkins at the end of the Italian season, a move which is likely to set off a furious scramble among English clubs keen to sign them.

Holders at home

Atkinson, the FA Trophy holders, begin their title defence at home against Northern League side Crook Town in the first round of this season's competition. Their opponents in the final last year, Runcorn, face a similar task at Bishop Auckland. The matches will be played on Saturday December 20.

BOBSLEIGHING

Nick Phipps tackles next week's opening World Cup event of the season for the Velitus Cup in Winterberg, boosted by a major success in Canada last weekend with Alan Cairns, his brakeman. The British pair clocked the second fastest time of the week during the first training runs on the 1988 Olympic track at Calgary.

SWIMMING

Mark Foster, the record-breaking sprinter of the Yorkshire Bank swimming trials at Leicester, leaves today with a British squad of 18 to race in next week's major European international meeting at Toronto. Swimming against the United States, there is the chance that Foster, aged 16, will find himself matched against the towering Matt Bondi, America's latest world record holder for 50 metres and 100 metres freestyle.

TENNIS

Two Swedes for Becker
New York (AFP)—The draw for the Grand Prix Masters, made by the Men's International Professional Tennis Council here yesterday, pits the world No. 1, Ivan Lendl, of Czechoslovakia, against Sweden's Stefan Edberg, France's Yannick Noah and Ecuador's Andres Gomez in the first round.

FOR THE RECORD

Table with multiple columns listing sports records, including Athletics, Basketball, Eastern Conference, Squash, Tennis, and Football.

FOOTBALL

SCHOOLS MATCHES: Albury's, Forest 2, Brentford 0; Stan 4, Aldershot 1; Dover 1, Maidstone 1; Luton 1, Watford 1; St Albans 1, Chesham 1.



